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RUSSIA *in 2020*

Scenarios
for the Future

CARNEGIE ENDOWMENT

the **EXCESSIVE ROLE of a WEAK RUSSIAN STATE**

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The Russian state is big but weak. Its weakness is related to its internal ineffectiveness and omnipresent facade, given the inadequacy of its legal institutions, the functions of which have become "privatized" and are used to further individual, group, or corporate interests. Finally, the state is weak because of overcentralization, whereby the center of gravity during all important decisionmaking processes rests at the top and the entire system becomes sluggish.

The Russian state system is afflicted by administrative paralysis—it can only stand in place by resting on raw returns. To move it in any direction, it is necessary to restore its lost ability to "walk." First of all, it is the ability to arrive at decisions accounting for the priorities of major interest groups—including corporate and regional, coordinating the actions of the different blocks of state machinery, and establishing two-way communication channels with citizens to ensure stability and flexibility through the transfer of authority to the lowest possible hierarchical level.

The viability of the current Russian state is determined by how much one can live without moving—in other words, when the recovery of lost functions becomes an urgent necessity. I believe that in the near future, one can expect significant adjustments or even a reversal of trends.

The general trend of the state's evolution in recent years has been the "primitivization" of the government's machinery, from which the "extra parts have been ejected. As a result, the machinery has been losing maneuverability and flexibility, because it is locked in under a single mode of motion—downhill on a straight road—with a single driver. One of the consequences of "primitivization" is awkwardness, so long as separate facilities are built, instead of generic units. The institutional logic for management, especially when determined by framing legislation, is unlikely to offer anything else.

In recent years, while the state system has been simplified, the circumstances in which it functions have become more complicated, especially with the onset of the global financial and economic crisis. This has led to a widening gap between the system's capabilities and what it requires from the external environment. Until now, faced with increasingly complex problems, the system responds through manual adjustments, but this cannot and will not last.

With the arrival of Vladimir Putin as president, the government became more centralized and unitary. However, whereas during his first term (2000–2003) this had a positive impact, in the last few years its effect has been the opposite. If at first the pendulum of relations between the center and regions rested in the middle—then, in the previous period, it swung too far in the direction of the regions—in recent times it has again swung strongly to the center. The dominance of the regions over the center extended beyond the rational framework and reached the limit of the conceivable, leaving behind even the Soviet Union's centralization. Now there is only one way to go—backward.

The State's Excessive Role

The excessive role of the state has been entrenched in Russia throughout its history and continues, with the exception that in the current situation many government functions have been practically privatized by bureaucrats. After the collapse of the Soviet Union, the Russian government was

gradually weakened, which resulted in the partial strengthening of autonomous social processes. But in recent years, there has been a steady increase in state ownership in various spheres of society and the country as a whole. The state, acting through bureaucrats, has subjugated political parties, has tightened control over civil society groups, and has taken advantage of the recent crisis to increase its control over big business.

Since the state has assumed the customary role of the all-powerful sovereign and universal moderator, its dominance has been considered given and has not encountered any resistance. During the 2000s, the centralized state, through bureaucrats, has steadily expanded the scope of its authority—including both breadth, in various spheres of social life, and depth, to regional and municipal levels. In the absence of control not only from the bottom, in the form of democratic accountability, but also from above, as under the Soviet model, the bureaucracy has become "disengaged." Now, only the bureaucracy can say with complete legitimacy, "The state—that's me!"

The "Primitivization" of the Regulation of the State

Not only has the quantity of the state machinery changed but also its quality. Alongside the alignment of many corporate and departmental vehicles, especially security enforcement, there was a weakening of party-administrative horizontal constraints. In the USSR, two major elements of enforcement supported the entire structure: the Communist Party and administration in the main position, and KGB officials, who did not let the party completely monopolize power and "privatize" it, that is, use the power exclusively for group and personal interests—the interests of the system notwithstanding. In the case of a nontransparent government and an uncontrollable society, this system of two fiercely competing "verticals" was the Soviet system's version of "checks and balances," which prevented the entire structure from shaking. At the same time, the highest echelons of the central party and administrative apparatus exercised tight control over the powerful. In the 1990s, the whole state apparatus greatly weakened, and was strengthened only with Putin's arrival, based on the secret police and more broadly, the power of its constituents. The party-administrative

sion to fight against Counterrevolution"), was established in 1917 and as a predecessor of the Soviet KGB or current FSB - State Security Service, and thus the Chekists are those who work in the Cheka-KGB-FSB.

The weakening of internal tension in a system, along with the liquidation of one of its two supporting rods, leads to the weakening of the structure as a whole. Without overt, outside competition, the sharp reduction of internal competition inevitably leads to a rapid and sustained degradation of the system.

Another consequence of the new configuration of power is a sudden decline in external control over the observance of rules, which has been made especially dangerous by the legal relativism of the "Chekist" verticals. Internal corporate rules and regulations (military and paramilitary, with a rigid line of command, undivided authority, "the organization charter of internal services," acting in a specific capacity in the state machinery) become the norm for the entire machinery. This structural insufficiency of the system, which now appears on all hierarchical levels, will become even more integral with the continuing deterioration of the regions.

The Dominance of Security Enforcement

The Russian security enforcement units, first of all, represent an independent set of interests; second, they act as the tool for the achievement of the goals of other elite groups; and third, they fulfill state duties, that is, the coming together of fundamental groups for the sake of common interests. Earlier, in the context of decentralization, security enforcement resources were more fragmented, and their use was more balanced. Now, these resources are the skeleton of a system with excessive verticals and underdeveloped horizontals. And the large and growing investment in the security enforcement verticals will not lead to the strengthening of the system as a whole.¹

Internally, the security enforcement units are not homogeneous—they are not so much a single corporation but instead form an association of several corporations that are functionally close to each other. The Federal

security structures fall under its formal or informal control. The outer shell is formed by civilian structures, whose leadership is strengthened by the representatives of the FSB; the latter often serve as "commissioners" for civilian specialists. Such a system, in popular context, reminds one of an organ that swells to the size of an organism, producing associations from the Russian author Nikolai Gogol with his famous story "The Nose" to the contemporary art-group Voyna with their performance "Penis captured by the FSB." The role of the "Chekists" in this structure can be explained in terms of systemwide "network corporations," and the essence of this phenomenon somewhat transmits the modus operandi that "there is no such thing as a retired Chekist."

With the expansion of the Chekist components, related changes have occurred not only in the system but also in its functioning. Given the circumstances where the security forces dominate, a further weakening of institutions is under way, as is the crumbling of relatively autonomous actors—public discussions and transparency in decisionmaking are being displaced by special operations; the state's security resources are not controlled by society but are instead dedicated to corporate, group, and individual tasks;² and the selection and promotion of staff members are conducted on the basis of personal loyalty and bondage, as is joining the private clientele of the "chief" (one of the ways to ensure loyalty is "commitment" when the discovery of violations does not lead to dismissal or prosecution of the employee but reinforces his complete dependence on the chief's faithfulness).

The Network State

If formal institutions are weak, imitation versions of them also exist, which guarantee the existence and functioning of the enormous state organism, albeit inefficiently. This function is served by the network, sometimes in more formal ways by taking the shape of substitutes, and sometimes in less formal ways that include criminals. "Putin's political bureau," which runs the country, is a network structure consisting of nodes of a nationwide nexus of key sites and corporate connections. These nodes include the

staff, key law enforcement agencies, major state-owned corporations, and business empires. Precisely this network structure—not the official government, and not even the Parliament—makes the country's most important decisions. Putin's famous "power vertical," in fact, represents a beam of departmental verticals—this is the hierarchical network.

The concept of "network state" was coined by Manuel Castells in the context of the European Union. He is also the originator of the concept of "network society." For Castells, the network state is characterized in the sharing of power (even the possibility to exercise legitimate violence) within a certain network. However, in the case of Russia, the network aspect of the state is to be understood differently—as the interception of parts of the state's functions pertaining to formal institutions by certain network structures. In other words, the state acts as a part of the network and the network as a part of the state.³

Therefore, going back to the state police, during Soviet times, the KGB was a powerful network structure, which had its representatives in the army and all major institutions and businesses. During Boris Yeltsin's rule, when state security structures had been radically weakened (on Yeltsin's initiation, the giant department was divided into various parts; furthermore, to a large extent, it was concerned with measures to reduce funding for government agencies), many KGB officers began looking for new opportunities. Since the beginning of the transition to an open market economy, some secret service officers have used a "gold party" to open their own businesses, and others—as active reserve officers—have been asked to manage major banks and businesses. Additionally, the emerging oligarchs have hired "secret service professionals" as managers of their own security departments. The biographies of many current FSB officers feature work experience in commercial organizations.

Beginning in the early periods of Russian capitalism, symbiotic relationships between businesses and security officials were only strengthened, and "protection rackets" and state racketeering were only one side of the problem. Vadim Volkov, who developed the concept of "violent entrepreneurship," says that the "gangster" phase of the 1990s was replaced by the stage of "nationalization," in which we now live.⁴ The

bandits were involved in a historical turnaround between 1999 and 2003, and "when the process of building large, vertically integrated, state holdings was going on, these holdings were already being run by people with much higher qualifications, coming from different walks of life, with an army of lawyers, and with serious security services that included current and former FSB officials."⁵ The problem, however, is that the state's power resources are used not in the interest of the state as a whole but in the interest of the network structure, which in this way extracts revenue from the state.

The "Chekists" form a network megastructure, working all across the country. In this case, the "network" is often understood in the abstract sense—real functioning network structures are more compact and more concrete, and they are characterized by clear functional relationships, whereas in the case of a nationwide "Chekist" network, one should talk of the mental and genetic proximity and ability to recover, if necessary, and use the connections that do not apply in everyday life (unlike FSB officers). Putin's entire career has been a trampoline of different network structures: the Leningrad KGB, the Judo team, the "Dresdeners," the mayor's office in Saint Petersburg, the Ozero cooperative, Saint Petersburg liberals, and existing "Chekists" in the Russian establishment. The very question "Who is Mr. Putin?" asked with regard to the official leader pertains not so much to a person as to nodes of a network—or, more precisely, many different networks.

From the point of view of promoting national interests, the network state is ineffective in principle. It may be a reliable tool for maintaining the status quo when it is necessary to ensure the performance of routine functions, but it is much less suited to respond to changing conditions. Hence there appears a breakdown in decisionmaking and the notorious regime of "manual control," which has been observed in the past few years. Moving forward will require the strengthening of institutions, and therefore, a weakening of network structures. The problem is that at a time when the power genie has been summoned from the bottle, state power resources "disengage" and move to a network structure, and are already unsuitable to perform state duties.

The emergence of the ruling tandem of Vladimir Putin and Dmitri Medvedev in 2008 led to divergent tendencies in the administrative system. In relation to the economy, the effect was rather positive: Putin, after becoming prime minister, as one would expect, eliminated the dual-leadership executive branch (which previously had been divided into presidential and prime-ministerial) and, furthermore, began to improve the approval procedures in the administration of various interest groups. In the absence of full-fledged institutions, especially an effective Parliament, the mechanism of the simultaneous adjustment of interests of the key players is not working. This task is fulfilled by "Putin's arbitration," whereby the concerned elite groups are able to bring their point of view to the arbiter. This method of coordination takes much longer, which is why "Putin's arbitration" has skidded into crisis when decisions need to be made quickly.

If in foreign policy, the tandem promoted greater freedom for maneuvering and improved the country's image, at least for a while, then in domestic politics, the tandem's effect was negative. Having left the formal post of the presidency, Putin has built a fairly complex system, where he has continued to keep all levers of power under his control, without being the formal center of power. At the same time, he has blocked all attempts at serious political reform, rightly fearing that they will destroy the structure he created and will not be useful to him.⁷ Additionally, the tandem has led to further deinstitutionalization, because Putin's move to the position of prime minister has weakened the role of the only powerful institution—presidential power. Besides, "double-headedness" has made the decisionmaking system even more cumbersome, going from clumsy to partly paralyzed. Among the other adverse effects of the tandem are a shortened planning horizon and increased political uncertainty, which further increases as we get closer to the 2012 elections. On the positive side, one can note some expansion of public debate and the government's introduction of standard liberal rhetoric.

In the Russian governmental system, where strategy development and decisions about political issues have traditionally been settled by the Kremlin and the president, and economic issues have been decided by the government, the dramatic shift in the center of gravity leads to a weakening

of the strategic component, even in the case when operational management could be made more effective. However, it is impossible not to notice the system's ability to regenerate and its structural adaptability; in particular, important management structures previously tied to the president—for example, the presidential council—were quickly adapted to function under the prime minister (the prime minister led the working presidium in this council, and the president was left with the representative function in the large council that meets once or twice a year). In any case, where such a "switch" was not possible—for example, in the government council—the premier created similar analogous structures.

It appears that the tandem as a structure has exhausted itself. In the future, the maintenance of separate functions for the *de facto* and *de jure* leaders will be ineffective in all respects, and hence it is a less realistic scenario.

The State's Nine Most Important Problems

The most important problems associated with the state include the following nine issues. First, the existing system of the state machinery is inadequately complex—as the very tool of administration, and as resolving its tasks and those of the country; the machinery is like a car, from which all essentials have been stripped, including the engine, and it has been left to go downhill on a straight road. The only option to maintain the system is to restore its complexity, or at least some of its dismantled parts and mechanisms.

Second, in fact, there is not one single state machinery but a collection of separate units that are accustomed to working on their own. Any attempt to change this mode of operation is fraught with failure both within those units and in the connections between them. Hence the effect of sticky persistence is not just a rut but a rut in a swamp with slippage.

Third, parts of the state machinery have in essence been privatized by corporations—both those concerned with power generation and industrial production, and in the top layers of these corporations, people close to the "national leader" have been appointed. These can be business corporations—both state-owned and formally private ones, though they are

strictly controlled by the state (for example, NORTH SKIL (NIRK), as well as government agencies. This primarily relates to security officials, with then characteristic dissonance and conflict—both internal and between offices in the Ministry of Internal Affairs, the Ministry of Defense, and the Investigation Committee.

Fourth, the Russian Federation is not a federation of regions but of corporations. In the framework of a weak state institution, the government is organized and works as a network—with informal contacts and agreements, and with internal norms (“understandings”) and loyalties. The consequences of this are “nonpublicness” and nontransparency, because the very structure of the state eliminates normal interactions with society. At the same time, along with the change of regionalization to 89 regional kingdoms came the “corporatization” of the kingdom-corporations.⁸ Thus one can speak of a two-dimensional model that preserves regional and corporate aspects, but these aspects are partly reversed—that is, corporations have become the major force.

Fifth, the corporate structure, whose building blocks are closely looped corporations that have little contact with each other, causes the lack of, or even the complete absence of, specialization, which leads to the duplication of functions in different parts of the system and becomes a reason for the low effectiveness of the system as a whole. The actions of corporations are often mismatched, and the competition between them outside the domain of public politics often damages the system.

Sixth, the lack of effective separation of powers and the weakness of institutions compounded the dismantling of well-functioning “foolproof” mechanisms, which are designed to protect society and the administrative system from bad decisions. Since 2000, the representatives of such mechanisms have been sequentially removed:

- mass media, relatively free from the government apparatus;
- a relatively independent and pluralistic Parliament;
- independent governors, serving for terms of four to five years;
- direct elections at all levels;
- nongovernmental organizations operating independently of vertical powers at various levels;

representatives of local agencies in positions dual—national and regional—loyalties.

In fact, the reduction of governance mechanisms to a system with hard verticals, the refusal to conduct public discussions and other conciliatory procedures in decisionmaking until the time these decisions will be enforced is a strict control of the final outcome—this is the result of disabling the “foolproof” mechanism.

Seventh, the current government itself has been constructed following the corporation model, in such a way that the key word always turns out in favor of the shareholder. However, having no relations with the management, it is difficult to maintain the position of a major shareholder—you can be thrown out. Therefore, shareholders sometimes, though not necessarily, act as managers. Putin is not just the arbiter but also the main shareholder—or, more correctly, is the arbiter and therefore the main shareholder. Ordinary citizens of this circuit are cut off from the corporation engaged in the recovery and redistribution of natural resource revenue—they are a burden, with the exception of the small parts that cater to the car.

Eighth, an important reason why state reforms are necessary is the accumulation of systemic problems related to technical and social infrastructure. Chronic underfunding over the years has led to a situation in which the strained infrastructure has become unsuitable. This is more noticeable in the case of technical infrastructure—in recent years, major accidents and disasters have become almost common. With regard to the social infrastructure, where negative effects have accumulated, the wear and tear is less obvious, but nevertheless it threatens a collapse. Recovery is possible, but it will take at least as much time as it took to destroy it (in this case, it is not apparent if the system has enough time). The same can be said about the entire state infrastructure.

Ninth, a serious problem arising from these features of the system is a short planning horizon. Keeping in mind the instability of the system, it is not rational to invest in long-term projects and implement strategic economic or political plans. As a result, the system is not capable of either strategic vision or strategic behavior. On the one hand, the short horizon is due to weak institutions and the system’s “personal” nature; on the other

hand, it further breeds weak institutions. The problem is worsened by the fact that certain key decisionmakers are ready with exit options—such as departure to the West, where they have property, children, and families. They do not share a sense of belonging to any system, not even with the country, and thus they act as temporary workers.

These nine problems delineate the system's ineffectiveness, even at the central level. At the regional level, the various federal agencies streamline their actions even less, and sometimes directly compete with each other.

Political Mechanics

An analysis of the "mechanics" of the current Russian state identifies the following characteristic flaws:

- Because of the "mechanistics" of the entire power structure, with numerous verticals, it procrustes only at the top. This situation resembles that of the Martian tripods in the movie *War of the Worlds*, which were unstable due to a lack of horizontal mass and a high center of gravity.
- The lack of cushions and the stiffness of connections lead to the fact that isolated bumps and shocks can be transmitted to the top of the system, and even potholes in roads can shake the entire structure.
- The lack of checks and balances that were dismantled for the ease of control leaves the system potentially unstable: Any thoughtless or accidental decision can have tremendous consequences.
- The state's monocentricity gives it a long and extended hierarchical chain of making and implementing decisions with a large number of transfer units, in each of which can occur the loss or distortion of a signal. This lack of autonomous administrative controls slows the system and makes it inflexible and vulnerable to changing conditions;
- The state's high anisotropy means that corporate structures with independent information-gathering systems form numerous, unrelated units working toward subsistence. The design does not have

the integrity of an organism's system, but it has the flexibility and variability in population.

- The state's poor location means that there are sites of conjugation between hierarchical levels—federal and regional (governors), and regional and municipal (mayors). There appears significant friction and a loss of information, and management impulses fade away.

- The primitivization of the administrative system does not indicate its simplicity or orderliness. On the contrary, ephemeral, ad hoc, individual devices without further harmonization and codification are cluttering the system, making it obscure, interfering, and lean. Many sites and blocks live their lives without being operationally connected to the rest of the mechanisms, or by duplicating analogous units and competing with them, thereby exacerbating the chaos and disorganization.

One could say that such a system is extremely inefficient and enormously time consuming—if not for a "but": It is inefficient from the point of view of a "normal" state, whose apparatus is designed to perform important functions and thus is controlled from the outside. However, in the Russian bureaucratic regime, which is based on natural resource revenues, the considerations of external systemwide competitiveness are not too important, and, conversely, internal competitive motives—between the different subsystems and networks—have been heightened. The fact that the whole system is costly and ineffective for its separate units, the interests of which run systemwide, is the revenue and spirit of their activities. Exactly the same things that can be seen as costs and signs of ineffectiveness for the whole system are the meaning of existence forming revenues of its separate units whose interests dominate over systemic ones.

The situation is precarious because of the weakness of the state's controlling mechanisms, and the fact that the rampant yet fragmented government apparatus is not capable of identifying a systemwide interest, let alone implementing it. We can expect that in the coming years, it will undergo major changes—either in stages leading to a series of major crises, or simultaneously and dramatically—as a result of a crisis in the entire system.

Effective major changes in the government apparatus must be systematic and universal—chief among them a radical reduction in the functions performed by the state machinery. Parasitic functions—feeding the bureaucracy instead of solving national problems—that interfere with the existence of business and society must be eliminated, and the remaining functions should be redistributed among hierarchical levels according to the principle of subsidiarity, with a simultaneous eradication of disparities between the horizontal and vertical elements.

The Interaction Between Central and Regional Levels of Government

In Russia, a vast country with large regional differences, a crucial role is played by the interaction between two key levels of administration: the top and the middle. This is where the government has been most significant and consistent—but counterproductive—in its efforts to restructure the entire system of relationships among different levels.

Today, the actions of the various departments (verticals) with respect to each particular region are not well coordinated, and in some cases the coordination is completely missing. Once upon a time, all actions were routed through the governor, who acted as a mediator between the regional elites and the center. Thereafter, the role of the coordinator of federal agencies was to some extent served by the chief federal inspector. Now, the senior official in the region is once again the governor, but many reports made into the center verticals bypass him. This implies problems of representation of regional political elites at the center. As soon as this role was taken away from the governor, the role of the speaker of the regional legislative assembly strengthened, and he began acting as the senior representative of the regional elite. With the transition to a new structure in 2010, when it was decided to appoint secretaries of the United Russia Party's political council as the speakers, there was a mass replacement of these speakers, and since then the ability of the system to function has been drying up. Meanwhile, just because regional elites have articulated regionwide or general interests, one should not think that these concerns have disappeared. It only points to the likelihood that administrative errors such as those that led to the mass protests in Vladivostok in 2009 will occur more often, and even more time will be spent correcting them.⁹ Repeated errors

of this sort carry the threat of political destabilization. Here, regions had acted as a stronghold and had managed to balance all interests—private, corporate, and public; vertical and horizontal.

In recent years, the system of horizontal rotations has been restored—a system that came into force under Stalin. Gradually, it spread to nearly all key positions in the federal region, starting with prosecutors, police chiefs, and the chief federal inspector, and now also includes governors and judges. The point of the rotation is to destroy any horizontal ties and break the regional loyalty of key officials to ensure that they are guided by the interests of the center and its disposition. In fact, instead of strengthening control, this has led to its decline; although Moscow now controls more seats allocated to the “Varangians,” they themselves control the situation—in regions that are unfamiliar to them—which is much worse than before. Problems have worsened, when due to a lack of coordination between the verticals, several officials in the same region have been simultaneously replaced.¹⁰ Such a horizontal rotation is an example of the dismantling of the “foolproof” mechanisms.¹¹

The emphasis on improving the governance of the “Moscow–Federal District–Region” link is a double-edged sword. Governance would be better if the “change of political appointees” were accompanied by a “permanent device,” but any newly appointed head, rightly, takes his team with himself, crippling the region from which he came, and the region to which he has been appointed. This undermines the possibility of making strategic decisions at the regional level.

As a result, in order to achieve lighter maneuvering, the center breaks the bonds between the steering wheel and the tires. In general, this is a losing game for the center, but the first move—sending “their” person to the region—gives an apparent win, but concerns about the second and third stages, as has already been said, are not taken into account.

This gives birth to a paradox: On the one hand, the system has shown its inability to act strategically, and, on the other hand, the imposition of horizontal rotation has been consistently and purposefully conducted for many years. The bottom line is that we are not dealing with a long-term strategy but with many shortsighted practices that give the appearance of a strategy, so long as there is no change in the present conditions. Such tactics can be called “Putin’s dead ends.” It can be described as the ascent

of an Alpine climber: With each step, he wants to go higher and higher; and if the slope is smooth, he indeed gets to the top. However, it is easy to imagine a situation where the climber ascends a secondary peak, retreating from the main one, so that in the near future, it may be possible to do the entire return journey.

Similarly, the system almost certainly needs a substantial restructuring in the relations between the center and the regions—federalism is not only necessary but also inevitable. Alternatively, it either becomes a dysfunctional state like right now (though the current situation is unstable) or shows the lack of a unified *de facto* and *de jure* government. There are insufficient resources to build a normal, functioning, centralized, authoritarian state in a country on the scale of today's Russia; given current circumstances, it is not possible in principle.

From the USSR to Russia: Legacy and Change

In the time since the collapse of the Soviet Union, many changes have occurred in the public administration system. Table 15.1 lists what has been dismantled, and conversely, what has been created in the post-Soviet period. Since changes in many spheres that took place in a certain direction during the first decade after the collapse have now moved in the opposite direction, I separately examine what happened in the 1990s and in the 2000s.

The post-Soviet development has been inconsistent and uneven. In some cases, the advancement or deterioration in key directions of public administration can be estimated by summing up the signs of trends in these sections, each of which featured five to six different directions. The summation indicates that the only section where the trend of the past ten years has been more positive than in the previous decade is the section on propagation. In all other cases, there has been a sharp reversal in these trends.

Putin's Dead Ends

In addition to the extreme deterioration of Russia's infrastructure caused by long-standing factors, there are also Vladimir Putin's dead ends, time

TABLE 15.1 *Trends in Public Administration in the Post-Soviet Space*
(+ - and - + respectively denote the sequence of changing trends, and zero indicates constancy)

THE INTERNAL ORGANIZATION OF POWER (+6 -4)

Separation of powers as a whole: + -	In the early 1990s, the division was strengthened after the execution of the Supreme Council, and acceptance of the new Constitution was weakened to <i>de jure</i> status, though in parts preserved its <i>de facto</i> powers, and then virtually disappeared altogether.
Institutionalization: + -	All institutions of state administration that appeared in the 1990s were drastically weakened in the 2000s, with the exception of presidential power, and its turn came with the tandem's accession.
Parliamentarism: + -	It appeared, continued, and disappeared at the federal level. The situation was somewhat better at the regional and local levels.
The Constitutional Court and Competitive Elements in the Higher Courts' System: + +	The emergence of the constitutional court and the strengthening of commercial courts, Russia's inclusion in the European Court of Human Rights, as well as consideration of many business disputes in Stockholm, London, and other courts. All these factors have strengthened the judiciary; however, it cannot be independent because of the strengthening of monocentric power in the 2000s.
Magisterial Courts and Judges: + -	Starting in 1993, the system was introduced for a long period of time, in the 2000s, the scope was reduced.
Party Structure, the Role of KGB and FSB: + -	If in the 1990s, the country went through a process of liquidation of monopoly power, as represented by the Communist Party of the Soviet Union, and oversaw a weakening and fragmentation of previously all-powerful state security organs, then in the 2000s, both of them were reestablished.
TERRITORIAL ORGANIZATION (+3 -2)	
Program for Administrative-Territorial Division: + 0	Continuous separation of the territory at all levels of the administrative-territorial composition, formalization of an intermediate floor—between the top and middle levels—which exists in the administrative hierarchy but is not guaranteed any resources.
Unbundling; enlargement of the regions: + -	In place of the process of fragmentation of regions that was characteristic of the 1990s, came the process of their unification; the total number of regions of the first level, increased from 73, "Soviet" regions to 89, and then decreased to 83.
Federalism and regionalism: + -	Regionalism, with elements of federalism, had heavily flourished during the 1990s against the backdrop of a weakening center; but thereafter, the process was abruptly discontinued. This trend is especially pronounced with respect to the status (electivity and relative independence) of the regional heads.

Asymmetry of the regions — High-profile economic and political asymmetries of the regions sharply increased in the 1990s, and then began to weaken, although until the present there have been concentrations in the Constitution related to "Maireslik-like" regions, when, for example, corporations themselves are legal entities and at the same time are a part of other legal entities.

Total character of the administrative boundaries of the legal entities: + —

In the 1990s, the simultaneous strengthening of the regional level of government and the reduction of the spatial movement of citizens because of dramatically increased "friction space" led to political and socioeconomic "encapsulation" within the administrative boundaries of the regions; in the 2000s, this situation changed.

PROPAGATION (0 + 3)

Dismantling the nomenclature system as a whole: + —

The nomenclature system by virtue of revolutionary changes in the state and society weakened sharply, at first, and then began to quickly recover, with no means of propagation and selection, elimination, that is, without components that limit the power of the nomenclature.

Favored system of education, selection and training of cadres: — +

A replacement for the Komsomol (Young Communist League) did not appear in the 1990s, or the 2000s, although youth organizations can be found in the Vasilin, Young Guards of Ukraine, Russia, and other projects developed in the mid-2000s.

System of professional training of party-administrative functionaries: — +

The network of party high schools was almost ruined, but was then reinstated at the top level in the form of public service academies.

Exchange of cadres between Moscow and the regions: — +

In the 2000s, this became a two-way process. It is a common exchange and does not run on impulse. The encapsulation of regional elites has been liquidated.

Mechanism of rotation of federal agencies' heads in the regions: + +

Regional replacement and promotions are carried out rigorously, as is inevitable retirement once a person reaches a certain age.

CONSIDERATIONS OF INTERNAL AND EXTERNAL COMMUNICATION SYSTEMS (+6 -6)

Representation of regional and corporate interests: + —

Intelligible system formulation and representation of group interests, which began to emerge in the 1990s, is now virtually nonexistent; this serves as a vivid illustration of the transformation of the Federation Council.

Proportionality of the system of connections: + —

As compared with the 1990s, when both vertical and horizontal (interregional) connections were weakened, the 2000s saw the enhancement of vertical connections, alongside the shrinking of horizontal ones.

Presence of decisionmaking taking into account interests of major groups: + —

After having been created in the 1990s, the mechanisms of public policy were destroyed, and those from the Soviet system were not restored; currently, there are no mechanisms to coordinate the interests of major groups.

Intensity of statewide interference in the case of conflict with regions: + —

The articulation and realization of statewide interest by political and business elites, especially in cases of conflicts with individual group, or corporate interests gained strength during the 1990s, and practically disappeared in the 2000s.

Nature of communication between levels of the system: + —

The anisotropy of connections in vertical links are much more lightweight when moving from top to bottom, and are hindered when going from the bottom to the top; after a radical "shaking up" of the system in the 1990s, in particular, because of the political turbulence, mechanisms of straight and two-way connections between the society and different levels of the government functioned not too badly; in the 2000s, some of these connections, such as referendums, were completely dismantled, and the others converted into certain rituals.

Distribution of power among various functions of the government: + —

The center's drastic absolute and relative gain, which took place in the 2000s, turned the pyramid upside-down. Now the principle of power distribution can, instead, be described as reverse subsidiarity, that is, from top to bottom.

RELATIONS BETWEEN AUTHORITIES AND CITIZENS (+6 -5)

Effectiveness of one-way and two-way channels between the government and society: + —

In the 1990s, de-bureaucratization of the system, alongside a dramatic renewal of the elite and competitive elections, provided multiple channels of communications between the government and the society. Then there was a clogging of all mechanisms, barring the restoration of the Soviet method "complain to the top" (a clear example is the protests that have become the only way to convey the aspirations of citizens to the government).

Competitive relations between the levels and agencies of the government: + —

Competition dramatically increased in the 1990s with the demolition of the old system, which provided space for citizens' evolution; as of the present day, this space has almost completely evaporated (if the 1990s were characterized by some sort of competitive delegative democracy, then in the conditions of tight centralization, no space is left for competition, as well as "fathers of the regions").

Noninterference in the private lives of citizens: + +

The abolition of single-party monopoly, there has been a dramatic increase in the space for personal life, free from state interference, and now includes the possibility for citizens and elites to emigrate (even within the country). In the 2000s, due to the increased material well-being of citizens, the ability to choose another country to live transformed from "escape" forever to the concept of a "global citizen."

Elections and referendums as means of direct communication: + —

If the 1990s was a time of rapid rise of electoral democracy, the 2000s saw a decrease in the number and role of feedback mechanisms, going from a supporting structure to merely an aesthetic one.

Political parties as the mechanism of interaction between the government and the society.³

If the formation of a multiparty system started in the 1990s, then toward the end of the next decade, there was a complete reduction in the space of public politics, displayed by the final decline in the formation of political parties.

Media as a channel of communication between government and society: + -

The freedom from formal government censorship, as in Soviet times, that began during perestroika and continued during the 1990s with the development of a market economy led to the professionalization of the mass media and supported its pluralism, even at a nationwide level. In 2000, effective control over media with the highest proportions of audience was reinstated: national television channels that had been effective in shaping public opinion had been turned into a political resource of the government. Pluralism and freedom of speech still exist over the Internet and media with a relatively small audience; however, the function of these channels is limited to "steam release" for the critically minded minority of the population. With the consolidation of the elites, and reduction in the spheres of public policy, these media have practically no influence on the political process and decisionmaking.

bombs ticking against the country due to the incorrect strategic decisions made in the last decade. It is useful to briefly consider each one.

The Caucasus

The main problem in the Caucasus is the absence of a serious strategy related to Chechnya, and the Caucasus as a whole, along with the model of "indigenization" of conflict and "disindigenization" of federal troops that is implemented on its territory. Before the 2004 elections, when Putin had to urgently demonstrate that the problem had been successfully resolved, ventures into "Chechenization" were made. But even then, it did not help resolve the conflict, and instead pushed it to the periphery of public consciousness based on the cynical formula "let the Chechens kill the others." After handing over power to "good bandits" in exchange for their symbolic loyalty, and tentatively assisting them to suppress all other bandits, Moscow at some point became a hostage of this decision, and has since been forced to agree to all major concessions. Meanwhile, during the relatively unbalanced stabilization in Chechnya, the conflict spread to

other republics and engulfed the entire Northern Russian Caucasus. The 2014 Sochi Olympic Games will require certain costs in the short term to ensure control over the situation—yet another example of how the government prefers tactics over strategy, exacerbating an already difficult situation. The status quo in the form of a low-intensity civil war can hardly be maintained for another ten years. To come out of this dead end, the country will end up paying very dearly.

Deinstitutionalization

By deinstitutionalization, I am speaking of the extreme deterioration of all independent institutions and the reduction of their authority and autonomy, which leads to a complete undermining of citizens' confidence in them. The system of institutional checks and balances was replaced by the ultimate arbiter; and this process was accompanied by the deliberate fragmentation of corporations and agencies (particularly security and law enforcement units), with the alignment of "conflict management" systems between them as well as within them. Due to the lack of autonomous players with a certain amount of empowerment, the system is not in a condition to automatically respond to emerging problems, and each time requires "manual control" and first-person intervention. For a long time, the basis for building the government was the high popularity of the leader, and the country could do without institutions, but sooner or later his popularity would begin to fall and become a reason for destabilization.

Paternalism

At the moment, a paternalistic model for relations with the public exists on both sides. The problem with this model is that it makes the state hostage to its populist promises, forcing it to live beyond its means—in fact, at the expense of the future—and additionally, the model prevents the development of initiatives from and independence of the citizens. Moreover, another problem is in the drastic inconsistency of not only the modernization processes but also the elementary conservation of sustained economic development.

The eradication of public policy and politics made the government's life easier for some time. But after decades of using this tactic, it is turning negative—with the increasing ineffectiveness of the government itself because of a reduction in political competition and the lack of accountability at all government levels, the inability to develop a realistic agenda for the country and get popular support on its basis, a shortage of talented personnel, and the like. Political technologies as substitutes for policies could somehow work in the "far" years, but now the situation is changing rapidly and the absence of adequate responses from the authorities serves as evidence of its shortsightedness and arrogance. Repoliticization in the next year or two is inevitable, and in many ways depends on the government—whether it will follow an evolutionary path or an explosive one, as in the last days of the Soviet Union.

Oil and Gas

Russia's chosen governing model of an "energy superpower" attracts enormous investments in its pipelines, which are considered a tool of geopolitical expansion. This method of realizing personal and corporate interests and ambitions at the cost of the country consolidates the resource-oriented and coherently redistributive character of the Russian economy, prolonging the impact of the "resource curse" for an indefinitely long future. As a result, outside the oil and gas sectors, and the services sector, which is fueled by oil and gas money, a rapid degradation of the industrial complex is under way. Furthermore, the most sophisticated and enterprising people, who could have become the backbone of diversified model, are being "washed" from the country.

Defederalization

Over the course of the last decade, there has been consistent excessive centralization and unitarization with the deprivation of both minimally autonomous and independent regions, a process that has reduced the huge diversity of the country, which used to be a source of competition, to a heavy burden. Attempts to manage a vast country from a single center with

interests, leads to a "leveling to average" in politics, and in economics, it creates the chronic subsidization of an overwhelming majority of the regions. The top manager of the regional elites, who is an influential and respected figure with experience in public-political activities, gets replaced by bureaucrats, whose management effectiveness is extremely limited—especially in a crisis situation or for the realization of modernization. And the bureaucrats worsen the problem, which can no longer be solved by a simple redistribution of powers.

It is not difficult to see that all these "private" dead ends are interconnected and form one big dead-end demodernization. In the optimistic scenario, with the intensification of efforts, the authorities can find a way out of this grave situation, to which they drove themselves along with the country. However, the longer the country is moving toward an impasse, the longer it will take to come out. This begs the question: Have we not overshoot the point of no return? Moreover, the problem is often compounded by the vicious circle that only a large-scale crisis can break.

Against the backdrop of the many varied challenges faced by the state, there is a triad of the major state challenges that are not just the most important but are so important that they can affect the very existence of the system, and even the country, and where a critical situation can arise at any time:

- The North Caucasus
- A breakdown of technological and social infrastructure
- Administrative collapse

First, in the North Caucasus, conflict has built up over the many decades, and the situation has reached such a level that it could explode at any moment. There is no quick resolution to the Caucasus problem, and such a solution will not come. It is essential to implement a long, difficult, and very painful strategy to solve the actual problems of the Caucasus, and those that are inherent in the entire country, but in the Caucasus these problems are of a supernational magnitude. These include weak institutions, personalism and cronyism, corruption, and so on. Moscow's current tactic, on the one hand, relies on archaic local political elites, whereby Moscow buys their loyalty with

law enforcement officials are tightened, and regulatory agencies are headed by immigrants from other regions. Not only does this tactic not contribute to any improvement in the situation, but by itself can lead to a blast.

Second, the system invests tremendous forces and means in geopolitical and geoeconomic infrastructure, which in itself is a source of income for many corporations and can increase future revenues. At the same time, it acts as the temporary owner of an enterprise that seeks to extract maximum benefit from it right now and not consider the future. In the case of technological infrastructure, this is more pronounced: The scrapping of roads exceeds the construction of new ones in such a way that large-scale technological catastrophes and accidents are a monthly affair. In the case of social infrastructure, and primarily in the areas of health and education, it is not clear why neither the government nor society pays enough attention, thereby exacerbating negative effects in the future.

And third, in recent years there have in fact been two one-way processes: the risk management failures due to the crisis and fast-changing environment; and the decreasing adaptability of the system along with its worsening ability to take a punch. The system is designed so that, on the one hand, it can provoke a crisis, at the drop of a hat, without any external shocks; and so that, on the other hand, by virtue of its inability to manage the crisis, a local problem can easily escalate into a systemwide crisis.¹² This model of creating and spreading the crisis, therefore, could be seen as the “grassroots” and the “horseman,” and lead to the most extreme implications for the system.

Some experts, citing Russian history, believe that, first, it is possible to live with these problems for quite a long time; and, second, that it is impossible to fix the system. It seems that the comparison with the period of the “Brezhnev stagnation” is not quite correct. First of all, for various reasons, the processes of development and expansion are much faster now and Putin’s regime has passed the full cycle of development—from birth to senile degeneration—in just ten years. Furthermore, right now there is no stiffness, uniformity, rigidity, or lack of an alternative, all of which were characteristic of the Soviet state. And even when the situation has changed for the worse, vivid memory and experience remind one that they can contribute to a rapid improvement within the frame of change.

Notes

1. The canonical example is huge; there has been a near fifteenfold increase in security spending in the last ten years (from \$2.8 billion in 2000 to \$36.5 billion in 2010), and in this backdrop, there has also been a sharp increase in terrorist activities over recent years. “Putin: Volume IV—The Caucasus Deadlock,” www.rusoldarmost.ru/video/2011-02-07-putin-itogi-chasti-iv-kavkazskii-tupik.

2. Recall the story when in August 2008, Air Force commander General Shamantov sent special air forces to disrupt the activities of the Investigative Committee investigator working on the case of his son-in-law—an “authoritative businessman”—wanted on suspicion of an attempted murder.

3. Such an understanding of the network state can be found in the recently published book: V. Kononenko and A. Moshes, eds., *Russia as a Network State: What Works in Russia When State Institutions Do Not?* (London: Palgrave Macmillan, 2011).

4. V. Volkov, “Silovoe predprimatel'stvo,” *Lennyi Sad*, 2002, 282.

5. V. Volkov, “Silovoe predprimatel'stvo budet vseгда,” *Delo*, April 15, 2011, http://sia.ru/index.php?section=412&action=show_news&id=123790&issue=165.

6. In recent years, virtually not a single major decision at the state level affecting the interests of various agencies and corporations was accepted once and for all. It has become commonplace that a decision is first formally made, only to be reconsidered, postponed, or canceled altogether. A striking example of this is the replacement of unified social tax insurance premiums. In fall 2008, the government took the decision to sharply increase the tax burden on businesses so as to reduce the pension fund deficit. This decision was finalized with the support of the Ministry of Health, Ministry of Finance, and Ministry of the Economy, but the business community remained opposed to it. Initially, the date of enforcement was pushed back from January 2010 to January 2011. Then, when the new program came into force, its drawbacks became clear and, conversely, with elections approaching, the president gave an urgent order to revise the proposal and reduce the downward pressure on businesses.

7. This was especially evident at the meeting of the State Council for the political system on January 22, 2010, when representatives of almost all parties came out in favor of reforms in one form or another. Putin urged avoiding the “Ukrainization” of political life in Russia, and said, “Any effective political system should be characterized by a healthy degree of conservatism. The political system should not shake the liquid jelly every time you touch it”; <http://edimurov-37.ru/ceo/speaker435.php>.

8. The latter were noticeable in the 100 Most Influential Politicians rating put together by *Nazavisimyya Gazeta*; earlier, the number of regional leaders in this list was about two dozen, and now it has dropped to just a few persons. Instead, there has been a dramatic increase in the number of corporate executives, especially security officials.

9. Some of the decisions were made by different industries (wood, metal, right-hand-drive cars) that overlapped with one another, and as a result deprived the coastland of a large part of its means of livelihood. If someone had taken into account the consequences,

...these provisions would have been prevented, it was implementation of these solutions had been accompanied by some kind of compensation for the Far East.

10. One of the first regions where a number of federal officials were replaced by the "Varangians" was the Tver region on the eve of the arrival of the new governor, Dmitri Zelenin, in 2003. It is clear that effective control of the situation not only did not increase, but also rapidly weakened. In 2010, after a series of social protests and failed elections, there was practically a simultaneous replacement of newcomers by control police bosses and FSB heads in the Irkutsk region.
11. Interestingly, the power is still not particularly worried about the change in rotation of the federal officials working in the regions that was made in accordance with the July 2011 Duma government bill. The principle of rotation for a period of three to five years covers a broad range of heads and deputy heads of territorial bodies of departments exercising control and supervisory functions.
12. An illustrative example of events in such a scenario is given by Yevgeny Gontmakher. See "Ssenarii: Novocherkassk-2009," *Vedomosti*, November 6, 2008, www.vedomosti.ru/newspaper/article/167542.

CHAPTER SIXTEEN

CENTER-PERIPHERY RELATIONS

Robert Ortung

The conduct of center-periphery relations in Russia is a battle over resources between the federal government and the regional elite. The amount of resources available for contestation grows and shrinks and the balance between the center and the periphery constantly changes, but the struggle continues endlessly.

This chapter examines recent trends in Russia's center-periphery relations and seeks to explain how these trends will evolve over the next ten years. It first looks at key drivers in the relationship between the federal government and the regions. It then examines how these trends have evolved from the collapse of the Soviet Union through 2010. A subsequent section examines the questions that these trends raise for the further development of center-periphery relations over the next decade. Finally, the chapter lays out two potential scenarios for these relations to 2020.

Key Drivers

There are several important drivers in Russia's center-periphery relations. First is the degree of unity among central leaders. A second driver,

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