



**CSAC Monographs 14**

**Power and Institutional Change**

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**Post-Communist Eastern Europe**

**Edited by Birgit Müller**

**Centre for Social Anthropology and Computing  
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## 6. Conflict and Cooperation. Strategic Interactions and Emergence of Governance in a Russian Region

Michael Brie & Petra Stykow

### 1 Regional Elites during Transformation: A Case Study

Together with Russian colleagues, we began to undertake field studies in the central-Russian region of Saratov in early 1993 to uncover the role of regional elites in the reconstitution process of the Russian state.<sup>1</sup> *Perestroika* and the subsequent political changes in post-Soviet Russia have affected the capacity to govern at every level, giving rise to a strong sense of local independence and a variety of attempts to find a 'special path' of development in the regions. New regional and local opportunity structures for sub-national political actors have emerged and central agencies have subsequently lost control over the country's development. Since 1992, the center of gravity of transformation has shifted considerably from the central authorities to the regions. To a surprising degree, the regions have adapted the reforms to their specific needs and conditions (RSPP 1992:5). Proportionately, the role of regional elites is becoming more important and their potential to influence the regional development greater. This was reflected in the increasing scientific attention paid to regional topics of the Russian transformation during the last few years.

The empirical data on which our present interpretations are based was collected during 220 narrative interviews and 150 standardized questionnaires with leading representatives of the local administration, police, security apparatus, economy, media and social organizations in the Saratov region conducted in 1993 and 1994. Additional data was compiled through analyses of regional newspapers, from official documents of the executive and representative bodies, as well as from parties and associations from 1988-1995. Though in a strict sense a 'case study', we expect that parts of the research findings and general conclusions will reflect a rather typical regional variation of Russian transformation, insofar as the Saratov *oblast* is representative of 'the majority of

Russian provinces with no claim to a special path of development' (Magomedov 1994: 73).

Our focus on the regional elites is less inspired by 'classical' sociological elite studies and more by a 'politological' perspective of socio-political transformation from 'communist rule'. Therefore, of particular interest are elites as political actors and the various strategies they use to cope with the uncertainty of the transformation process. We attempt to understand this process in a selected region, i.e. in a limited territory with a manageable number of actors, political cleavages and options for problem-solving.

The first results of our research have now been published (Brie/Stykov 1995; Dellheim/Heinemann-Grüder 1994; Stykov 1994, 1995a, 1995b). Firstly, it concerns the elite transformation of the Soviet monolithic power elite to different and competing sectoral elite groups. Secondly, it looks at patterns of elite interaction which we tried to examine within the concept of 'regimes' borrowed from studies in the field of International Political Economy and, lastly, the situation of the regional defence industry. Our present contribution addresses the problem of elite interactions.

## II. Regional Elites in the post-Soviet Era and their Resources

To begin with, we will summarize our findings about who the present elites in the Saratov Region are at present.

*Firstly:* Without a doubt, the elites – the small strata of top influentials who are able to affect regional political outcomes regularly and substantially – are much less the 'outside newcomers' in politics than persons with a professional, social and often political background from the 'old' Soviet system. Their ideas about the post-communist political system and society, as well as their behaviour patterns, are greatly influenced by their history. The 'new' society in Saratov has not been built by counter-elites rising up from the 'bottom'. System transformation was and is therefore not a revolutionary breakthrough.

*Secondly:* Despite high personnel continuity in the elite composition, we found that in the last decade profound changes in the elite configuration of the region have occurred. At the end of *perestroika*, the institutionally differentiated but ideologically unified 'monolithic' regional Soviet elite fell apart. The elites no longer shared common values, and interelite linkages had ceased to exist. While 'dissidents', the *neformally*

never became part of the regional (opposition or power) elite, as a rule, non-elite groups from intellectual milieus became affiliated with the party and formed the first new elite group, namely the 'democrats'. Following the evolution of political polarization at the center, their demands, although initially limited to system reform, turned out challenging the system. Second, the old political elite became politically divided along the lines of 'conservatives vs. reformers'. The confrontation between *hard-liner apparatchiki* and the 'democrats' became aggravated in 1991 because of the political split within the old political elite (the 'conservatives') and the resulting Anti-CPSU-coalition which included 'democrats' and the party *soft-liners* ('reformers'). The region became an arena where two competing and polarized political blocs were struggling over the monopoly of power. The resolution of this conflict was a by-product of the victory by the 'democrats' over the CPSU conservatives in Moscow in August 1991, that is, by an 'exogenous' event. In the subsequent struggle over regional executive power between the fall of 1991 and late 1993, this polarization was replaced by an increasing diversity of actor groups.

At present, there are about 100 elite-persons in the Saratov region, about the same number as at the end of the 'stagnation' period, but with a radically different composition. The regional elite now consists of groups differentiated by sectors and institutional linkages as listed in table 1.

### (1) The political elites:

The regional administration claims to be an 'above-party politics' power elite consisting of different institutional interest groups (inter-personal networks) with a more or less functioning apparatus, personnel and financial resources, as well as certain economic governance capabilities. In sum, however, for various reasons the regional government remains weak: The regional budget still mainly depends, on the one hand, on central assignments from Moscow, and, on the other, on enterprises in the region itself. Both sources are highly uncertain. Furthermore, the regional government has nearly no power to force economic actors to comply, and depends on their willingness to cooperate and to follow its decisions. Given the scarcity of material and financial resources and the weakness of the regional administration's authority, the regional government is systematically overburdened by their task to assure the governability of the region, all the more since a great deal of its responsibility to guarantee the basic social systems like employment, housing, public transport, education, health service and the like

is inherited from the Soviet past. With the conflict between executive and legislative powers yet to be resolved, the situation has become ever more intricate. The regional Duma continues to play a role similar to that played by the regional soviet until its dissolution in the fall of 1993 where neither the soviet nor the administration worked according to the principle of 'separation of powers', but rather as rivals where each claimed to have 'all-embracing' decision-making authority in the region, similar to the competencies held by the former *obkom* of the Communist Party. Last but not least, the regional government itself is deeply divided and represents a battlefield of various cliques and clans struggling for influential political positions.

- b. *Representatives of political organizations and intellectuals* mainly belong to the oppositional elite, they are partially involved in entrepreneurial activities. Besides different 'democrats', this group includes representatives of pressure groups, e.g. the 'agrarian-industrial lobby', various cliques of new entrepreneurs, etc. Whereas the 'pro-Communists' like the Communist and the Agrarian Party are experiencing a process of relative organizational consolidation – and growing influence over the administration –, the 'democrats' and their leaders, having been quite strong in 1991, have lost political significance.

**Table 1: Regional Elites and Their Resources**

Resources	Aclor group	Regional Administration	Opinion and Organizational leaders	Directors	Big Businessmen	Mafia
Non-monetary economic resources (real estate, raw materials, etc.)		high	low	high	high	?
Money		medium	low	medium	high	high
Representation in the public decision-making bodies		high	low/medium	medium	low	?
Influence on the public opinion		high	high	medium	low	?
Direct disposal of violence		high	low	low	medium	high
In sum		high	low	medium	medium	?

(1) *The economic elites* represent almost half of the members of the oppositional elite. They consist of:

- a. *the top management ('directors')* of the largest, (formerly) state-owned enterprises now undergoing privatization. This group holds enormous economic potential and has the capacity to represent not only its 'particular' interests but also the interests of its employees, i.e. 'regional' or 'societal' interests. Beginning in 1991, however, such key industries as defence with about 60% of the regional industrial production started having to fear for their existence. While at least the biggest factories and management remained optimistic for some time about the possibilities of product conversion and entry into the market, over the last two years lasting halts in production and even bankruptcies were typical. Industrial production has declined by about 60% since 1991. It seems that the 'fight for survival' within the 'directoriate' more readily influenced behaviour than the solidarity and status consciousness that had assured the intra-group cohesion in the past.
- b. Another subgroup of the economic elites are the *top 'new entrepreneurs' ('businessmen')*, with their highly fluid and important capital resources, as well as a high degree of flexibility. This group has benefited from the uncertainties of the economic transformation, but is also highly vulnerable to them. The spheres of influence between the clan-like organized firms of the big businessmen are distributed, but there is a persistent struggle of redistribution of these spheres in which the actors enter into coalitions with all available partners – from Mafia groups to directors of big firms and incumbents in the administration.

(2) Let us briefly mention *a third elite group* consisting of two subgroups with resources to employ force at their disposal – (a) the military and police chiefs, and (b) the heads of the so-called 'Mafia', interpersonal networks with economic resources and a discrete oligopoly over violence over whom the state has no control. It is nearly impossible to obtain any trustworthy data about the potential and the role of these groups for the regional political process, but we have to assume that they are quite serious, although 'invisible'.

Whereas the Soviet political elite controlled (almost) all of the economic, political, social, etc. resources in the region, each of the present elite groups control a few specific types of resources, but only to the extent that assures a veto position vis-à-vis other actors. The executive power structures obviously hold the strongest positions, but a good part of the economic potential, the public influence, and the access to central-human authorities is controlled by the 'directors', or is slowly becoming ever more concentrated in the hands of the new big businessmen. As for law and order, the state has lost its monopoly over keeping the peace.

'Mafia' groups, often together with new entrepreneurs, have installed force oligopolies and collect taxes.

Thirdly, the present elite configuration is that of 'disunified elites' (Field et al. 1990), where communication and influence networks between the elite groups are interrupted, and the elite factions disagree on the rules of their interactions as well as on the value of the existing institutions, so that they tend to engage in unrestrained struggles for dominance (see Table 2).

In recent years, however, no single one of the competing elite groups was able to gain absolute control over regional development. What happened in the Saratov *oblast* was the in part intentional, but more often unintentional result of interactions between the main players – the political power elite (the administrative elite) and the economic elites (the 'directors' and the 'businessmen').

### III. Social Arrangements of Elites

Having presented the main elite groups in the Saratov region, let us move to the second topic: How do these groups interact with each other, what kind of social arrangements do they have?

For analytical reasons, we distinguish between three types of social arrangements:

1. Amorphy, that is, absence of form, where a kind of Hobbesian 'war of all against all' takes place;
2. Anarchy, a spontaneous order, understood as a social arrangement, where contending groups – in our case regional elite groups and groupings treated as unitary actors that have somehow managed to resolve their internal collective-action problem – struggle to conquer and defend durable resources, without effective regulation by either higher authorities (the 'center') or social pressures (from 'the bottom') (Hirshleifer 1995: 26). Anarchy is not chaos, but rather a spontaneous order emerging from interactions between the groups that are first and foremost strategic, e.g. the strategies of actors are dependent upon and responsive to other actors' strategies (Marks 1992).
3. Institutionalized order with more or less stable 'rules of the game' and institutions, the worth and validity of which are accepted by all major actor groups. Such an institutionalized order may emerge out of horizontal cooperation, organized by the participants themselves, as well as out of vertical cooperation taking a hierarchical form, engaged or imposed by an external force.

### IV. The Soviet Setting

If we examine the regional arrangements of the late Soviet era according to this framework, we find, above all, a stable institutionalized order with a commonly accepted institutional configuration: the party and the governmental hierarchies worked together, with the central party apparatus being the 'highest' authority. These centralized institutions regulated and organized the interactions between the political actors at the union-wide and regional levels. Joined with the *nomenklatura* system of appointment, they provided the structural integration of the regional elite so that it became 'ideologically unified' (Field et al. 1990). At the same time, these official institutions had an informal 'reverse side' which assured the bottom-up flow of information and a certain intermediation of interests of the elite subgroups. For the regional elites, the so-called *obshchizm* was the most important of these phenomena. It 'adjusted' the institutional gap left by the Soviet political system, where formal opportunities for the representation of regional interests were not provided given that territorial entities were only viewed as administrative bodies within a centralized system of government. The institutional base of *obshchizm* was the regional *obkom* which acted as a locus of integration for regional elites – creating a 'collective actor' vis-à-vis the central authorities – and as an intermediation agency between them and the central decision-making apparatus in Moscow (cf., for example, Hough 1991, Rutland 1993, Willerton 1990). Another informal system of elite interaction was embodied by the *departmentalism* mechanism, and assured the aggregation and articulation of special sectoral interests along the lines of the ministerial hierarchy, but in the 'opposite direction'. So, cooperation and coordination between elite subgroups in the regional area were regulated by formal and informal stable systems, both based on the party and state hierarchies with distinct rules, norms and authorities.

#### A Strategic Interactions of the Elites and Anarchy

The transformation of a social system is a dual process which includes the dissolving of one system and the creation of another (Przeworski 1984: 56). In the Russian case, the breakdown of the main aforementioned institutional settings was not accompanied by the emergence of a new institutionalized order. This causes amorphy and anarchy where an economic spontaneous type of transformation prevails (Brie 1995) and

creates a tremendous lack of stable institutions. The mechanism for the reproduction of virtually all basic institutions is destroyed. Instead of the simple enacting within given frameworks, the actors have to consciously choose what kind of institution in a concrete situation they would like to establish and act accordingly. External appeals to stick to agreed upon rules are common. The stress on the actors to make the 'right choice' is overwhelming. Reconstruction of soviet patterns, conscious construction of new institutions and a creeping unintended and uncontrolled institutionalization coexist.<sup>2</sup>) The regional actors consider the institutions not as unquestionable constraints but above all as strategic instruments they can or cannot use. Interests are not processed in institutions but through them. Such an institutional setting is called *nomadic* (Rüb 1994: 131).

Corruption became endemic. The outburst of new private interests and the absence of effective legal institutions to articulate and to satisfy them on the one hand, and the pressure of new groups to be integrated in the elite on the other, made corruption a dominant form of interest representation and a central channel for influencing public decisions by private actors. This seems to have been unavoidable given a weak government and a lack of legally organized and legitimized forms of intermediation between the state agencies and private actors (Huntington 1968: 61-63; Huntington 1989), but might also have been 'functional' in terms of marketization and pluralization (Vayley 1989: 945-950).<sup>3</sup>

The fragile types of elite interaction in the Saratov region are based on a complicated set of interdependencies between the different elite groups. These specific interdependencies are the source of lasting instability creating conflict as well as inspiring cooperation under the uncertain conditions of transformation.

Five strategies of the different elite groups were observed, often being played out simultaneously:

1. *Inactivity (wait-and-see approach)*. Some of the old and in the latter stages of state socialism well-established elite groups tended to do nothing other than hope for better times. Acting on behalf of large-scale enterprises, a huge part of the social infrastructure, in possession of unique productive resources and relying on the interpersonal networks within the 'old' power elite, with this sheer size and scope they were considered unsinkable. This passive approach, inappropriate at the first glance, was actually very rational. Putting nothing at risk in the first stage of economic and political transformation could be advantageous down the line. Some directors uncommitted to privatization and marketization and some groups of the former Communist

political elite involved in reforming the network of the communist party are now in a position to use a more offensive and cooperative strategy than others belonging to the vanguard of the reformers.

*Nonstrategic behaviour without any regard to the interests of other elite groups (unilateral approach)*. New fields of mostly speculative entrepreneurship, nationwide and international business, and different emerging niches in the political and economic life of the region quickly gave rise to a variety of new actors. Becoming established, they entered the normal field of interdependency and – either had to sink or swim. After a boom in resources in some sectors in the early nineties, the oppressive scarcity of resources today would seem to make this strategy no longer viable.

*Open Conflict and domination*. This includes the unrestrained struggle for dominance and monopolistic control of all necessary resources in one sector or even of the whole region. Following this strategy the actors try to deny others access to resources. Large but fragile empires of new commercial interests emerged, trying to get into the oil business and other profitable sectors. Rival groups of political factions play all-or-nothing games for the control over the regional administration, using all weapons of political warfare. But the greater the initial success, the greater the resistance of other actors, and the greater the new form of interdependence, the higher the vulnerability. A special form of these conflicts are – often successful – attempts to physically eliminate the opponent. During our research different members of the elite were killed. Many more were physically threatened. Others were put into prison.

*Constrained Competition*. In different sectors the elite groups achieved a coexistence with their rivals and tried to improve their own situation by reducing the gains of others, without trying to eliminate their opponent. This strategy implies latent or tacit cooperation. It is preferred by most of the directors of former state plants and the old political elite. The actors respect some vital interests of others without special agreements and assume that others will do the same.

*Cooperation*. Interdependence creates tendencies toward cooperation even in the absence of institutionalized order. During the last five years the aforementioned noncooperative strategies were used. The actors at least became acquainted with the basic tenets of rational behaviour under conditions of interdependence: 'do not be envious of the other player's success; do not be the first to defect; reciprocate both cooperation and defection; and do not be too clever' (Axelrod 1984: 23). Dependent upon and responsive to perceptions and behaviour of others, the actors may try to look for advantages in non-zero-sum games.

Some interactions are typical for scenarios of political discontinuity (Dahl 1992), when the institutions of the existing regime are under question and the political power is contested by different, incoherent,

and interdependent groups. This political discontinuity in the Saratov case took the form of an ongoing state of anarchy.

The regional actors are confronted with two main problems. On the one hand, everybody even in the short run is uncertain about his/her own future. Nobody and no particular organization or faction can be certain about what will happen tomorrow. Everybody and everything is at risk. This makes it difficult to realize any long term strategy. The weakness of the political institutions and of the main economic enterprises are – at least partially – a result of these circumstances. On the other hand, the actors are prisoners of numerous dilemmas, faced with the harsh problems of producing and using the possible common goods or at least avoiding some of the most fatal common bads.

As a result of these tendencies the anarchic order tends to change permanently into an amorphic absence of order. Unrestrained struggle for domination and an all-or-nothing conflictual kind of behaviour are the main sources of an ongoing disordering of the Saratov regional society. 'Islands' of centralized and personalized domains of different patrons are complemented by a 'sea' of anarchy and – much worse – amorphousness.

From time to time – as in the fall of 1991 (the failure of the *hard-liners*), the spring of 1992 (the appointment of the governor), and in late 1993 (the dissolution of the regional soviet) – regional political conflicts are ultimately settled by regulation from above. But over and over again there are also attempts to assure a self-sustainable balance and political stability by the regional elites themselves so as to avoid a stage of formless 'amorphousness' as well as the inclusion into a centralized 'political machine' governed from Moscow.

## VI. In Search of Regional Stability

Anarchic systems are fragile. As Hirshleifer points out, 'anarchy is always liable to 'break down' into amorphousness or 'break up' into organization', such as hierarchy (1995: 48). The danger of potential elite interactions sinking into formless 'amorphousness' is undoubtedly high, and much more liable to occur than the 'hierarchical' perspective of evolution. This creates a state of ungovernability where near total ineffectiveness of the government and widespread political instability reigns<sup>4</sup>. Mutual interdependence of the different sectoral groups nevertheless strengthens the regional elite's propensity to integrate and foster cooperation rather than

Hobbesian 'war of all against all'. The question seems to be: Can modes of governance grow out of the anarchical transformation in the Saratov region? How strong are the governing attempts to overcome at least partially the mere strategic interaction?<sup>5</sup> This implies the perception of common goods between competing or even conflicting elite groups, established habits that maintain arrangements and elite configurations and – last but not least – more or less formalized or informal institutions and regimes (Holsti 1992: 55). The conditions of a weak central and regional government *and* the lack of workable self-organizing and self-adjusting processes in the different sectors demands a high level of governance to avoid social chaos (Dunsire 1993: 22-23).

Patterns of governance depend strongly on the acceptance of at least the most powerful social actors (Rosenau 1992: 4-5). Therefore, one of the most important problems and a significant indicator would be the reintegration of the 'disunified' and fragmented elites into a '*consensus-oriented elite*' (Field et al. 1990), with a certain degree of structural integration in the sense that networks of communication and influence encompass (almost) all elite factions, and no single faction dominates.

Such an elite reintegration tends to be encouraged by the origins of individuals or groups and the group structure of the post-Soviet elites in the region, i.e. their rather high degree of continuity in membership. The ongoing pluralization of the regional elites and their functional or sectoral differentiation was characterized by realignments of parts of the old elite combined with the co-optation of new individuals or groups into the positions. The new administrative power elite was recruited by parts of the old (political and economic) elite. The directors continue to play an important role in the region, even though their aspirations to participate directly in politics by occupying seats in the Dumais considerably lower than in 1990.

The interdependence of the elite groups makes it necessary to bridge the gap between the different cliques and form larger circles (Moore 1991: 678) of elite groups. Social brokers mediate between these circles (Marchand/Legg 1972: 153). The loose coupling of social and economic networks could be a special resource to help adapt to the new situation. As Grabher pointed out: 'In a sense, loose coupling constitutes a kind of 'cultural insurance' (K. Weick) upon which networks can draw in times of radical changes. Loose coupling implies a high degree of structural autonomy of the individual actors, local adaptations to changes in the environment of the network, and decentralized processes



of learning and forgetting. Loose coupling, hence, also reduces the risks of cumulative misjudgments and of 'wrong learning' based on positive feedback-loops' (Grabher 1993: 4).

Communication and interaction between the different elite groups is based to a remarkable degree on 'reactivated' or newly formed informal linkages of interpersonal and network coordination. The transformation has strengthened the inherited 'clear preference for informal access to and influence on bureaucratic officials and general disdain for formal and legalistic procedures and norms' (DiFranco/Gitman 1984: 618). Compliance to governmental orders, the role of law, market contracts and other forms of system integration are weak, so personal trust is the most important source of (social) integration (Teckenberg 1989: 323). While the CPSU *nomenklatura* system of appointments has disappeared, the *old-boys network* and *patronage* principle of recruitment (Nagle 1977: 185-211) is still alive. Elections remain of secondary importance for elite recruitment in fact strengthen the existing interpersonal networks insofar as the results of the elections strongly depend on support by the administration and the most powerful economic actors. Personal loyalty is the most important criterion for personal advancement in the political hierarchy (Schneider 1994: 9).

The emergence of governance in a sector of the regional society or in the region as a whole depends on three main factors: (1) the existence of a few strong and persistent actors capable of defining their own long-term interests, of bargaining and sticking to the established rules; (2) the latent existence of common goods (possibility of positive-sum games); (3) the ability to overcome the specific dilemma of governance as put terms of interdependent but more or less self-determined actors: 'decisions that are easily accepted by the participating societal actors will hardly solve public problems, while decisions that would solve public problems are difficult to accept' (Mayntz 1993: 19).

The breakdown of the former *departmentalism* left the different sectors of the regional economy in very unequal conditions:

1. The enterprises producing consumer goods were left on their own, and were transformed into collectively owned and mostly weak market actors without any important role in the region.
2. The plants of the defence/industrial sector are still a kind of huge enclave of the former Soviet empire left in the lurch by the Moscow center. The ongoing process of decline creates a dangerous situation for the region in terms of unemployment, unpaid taxes, destruction of

Table 2: Elite Cleavage Structures in the Saratov Region 1985-1995

Elite configuration *		mid-80's	1985-88	1990	Spring 1991	1995
Sectoral Elite Differentiation		Ideologically Unified		Disunited		(Conservatively Unified)
Political Elites	Power Elites Intra-System Opposition	<i>apparatchiki</i>	<i>apparatchiki</i> (anti- <i>perestroika</i> )	'Democrats' (moderates, pro- <i>perestroika</i> )	<i>hard-liners</i> (conservatives)	Administrative Elite ('above-politics') Intellectuals / Organizational Leaders ('conservatives'; 'democrats'; 'centrists')
Economic Elites	System Challengers	Directors of State Enterprises	Directors (pro- <i>perestroika</i> )	'Democrats' (moderates and radicals)	Directors [Big Businessmen]	Directors Big Businessmen

\*The elite configuration is based on Field et al (1990). They distinguish between three basic configurations looking at the extent of both structural integration and value consensus. A configuration of elites is *disunited* if these dimensions are minimal, i.e. if communication and influence networks do not cross factional lines in any comprehensive way, and the elite factions disagree on the rules of their interrelations as well as on the worth of the existing institutions, so that they tend to engage in interpersonal斗争. Also for a comparison: A *conservatively unified* configuration is characterized by exclusive interaction between the different elite groups, but the degree of structural integration and value consensus is high. A *conservatively unified* configuration is characterized by exclusive interaction between the different elite groups, but the degree of structural integration and value consensus is high.

social infrastructure and vast industrial deserts. The regional administration failed to get at least limited support for these enterprises by the center. The most advanced of them in terms of privatization are near bankruptcy.

3. At the center of the regional conflict are energy prices. The regional administration was not able to hold onto the most important of the giant power stations, even when the Balakovsk hydroelectric station with cheap energy became the property of the federation. The region is now dependent upon Moscow and cannot regulate energy prices itself. This was a major factor which further destabilised the regional administration (Tjurin 1995b: 6-7).
4. The most disputed property assets are connected with the production and distribution of oil on the one hand, and chemical production on the other. These sectors are the only source of hard cash (export of fertilizer, man-made fiber, and other oil products in 1993: 153,3 Mio \$; 1994: 220 Mio \$ (Ryzhenkov 1995: 10)). Two newcomers, closely connected with cliques of the new regional political elite, are trying to gain control of the whole oil business. The old economic elite is forming strong positions to create a regional monopoly by itself and to fight the regional administration which was unable to mesh the interests of this important sector with those interests of the region.

The regional administration split during the later phase of *perestroika*. Splits inside the administration, between the administration and the *oblastnaya Duma*, and the representative of the president (the former party secretary of Saratov city) are endemic. Clashes between two of the most important cliques inside the administration and between sociopolitical groups representing more conservative attitudes of a strong paternalistic state (connected with the Communist and the Agrarian party and the trade unions) and a greater (mostly unregulated) market orientation destroyed the chances for the formation of a dominant power bloc as was formed in other regions of Russia. Even the patron-client-networks, so important in present-day Russia (Lempert 1993: 632-634), are not stable enough to secure the patron and to give promised 'goods' to the client. The 'betrayal' of patrons by their clients is common.

Parts of the regional government have formed a 'power party' legitimizing themselves by representing public interests, especially in the rural parts of the *oblast*. The head of the regional administration became the head of the party of the premier minister Chernomyrdin 'Our Home Russia' (Tjurin 1995a: 3-4). This power party is questioned not only by outsiders but also by parts of the regional and local administration and was not able to gain full control of the executive (Tjurin 1995b: 8).

The other important political actor coalition, the bloc of communists, some directors and the old agrarian lobby, dominates the regional *Duma*. In February 1995 they organized a successful bloc 'For the Power of the People' (Semenov 1995: 4). This bloc stands for direct elections of the governor, tries to push through regional constitutions giving strong power to the *Duma* and organizes lobbying in Moscow for different sectors of industry and the rural areas.

The elite configuration and their socioeconomic or sociopolitical foundations create a highly differentiated, fragmented set of actors uncertain about their own future and the future of others, and divided by heavy conflict over a declining pool of resources. Very often intragroup competition overwhelms the interest and ability to find collective forms of organization and interest representation. In most cases the chances to get away with individual and informal or even illegal solutions are much more realistic than the chances to reach formal solutions through legal bargaining. The weakness and fragmentation of the regional government and the dominance of informal arrangements between individuals or factions over regulations by law make it difficult to establish durable modes of institutionalized coordination for governing the region.

The interelite interdependence is merely another expression for a set of exchange relations vital to each group. The lack of control over resources needed to achieve their goals and the failure to overcome this position with a simple concentration of power in one or two hands makes the different actors dependent upon each other and interested in a mutual advantageous exchange of resources (Esser 1993:344). The economy of the elite groups is highly restricted.

Incumbents of the executive bodies offer, for example, subsidies, loans, tax concessions, export/import licenses, etc. and tolerate or promote favorable privatization decisions for economic actors who are able and willing to 'pay' with (political, moral, material, social) support. All these goods of exchange are scarce and differ according to each group (see Table 3).

The step from strategic interaction to cooperative forms of regional governance is further handicapped by a persistent decline in nearly all sectors of the economy. In 1994 this decline was much higher than in 1993 as a whole (about 32%). Although the average wage is about a half of the average wage in Russia, prices are nevertheless as high as in the majority of the other regions. 65% of all enterprises have a deficit

**Table 3: Exchange of 'services' between regional actors and the regional government**

Regional actors	'Services' of the regional government	'Services' of the different regional actors
<b>Directors</b>	subsidies, tax allowances; state orders; formal involvement into state committees; privatization in favor of the directors; credits; favorable regulation of prices; licenses for export and import	social peace; social infrastructure (housing, culture, transport, communication, etc.); satisfaction of basic needs of the population; taxes and incomes in hard currency
<b>Big Businessmen</b>	privatization in favor of the businessmen; licenses for export and import; credits; neglect of the legal control over the activity of this group; legal positions in governmental organizations	taxes and incomes in hard currency; satisfaction of basic needs of the population; involvement of parts of the population into new markets; services for the social infrastructure; investment
<b>Opinion and Organization leaders</b>	participation in governmental decision-making and representation in state committees; governmental positions	legitimation of governmental decisions; organization of a regional power base
<b>Mafia</b>	abstention from attempts to realize the state monopoly over violence; neglect of the legal control over the activity of this group	extralegal creation of violence and tax oligopolies

(Tjurin 1995b:3). The different actors fight over an ever dwindling resource supply. It is a negative-sum game. The chances to reach agreements are reduced because of the scarcity of goods. Side payments for 'third' actors with veto-power often used to overcome the prisoner dilemma are difficult to realize.

Nonetheless the regional actors are aware of common goods and have tried in the past to find solutions for the dilemmas connected with them.

The most important common good is the prevention of common bads. The regional elites were forced by the regional government to come round and cooperate in the minimal stabilization of the social situation in the *oblast*. Lacking the legal resources, the regional and city or *Rayon* governments were at least partially and with great difficulty able to install some basic social systems. A breakdown of these systems

would be an overall threat to the regional elites for two main reasons: Firstly, the Moscow government is looking for solutions to the intraregional conflicts satisfactory to their own interests and their group interests. Moscow factions try to take over the most profitable economic branches and political positions. Not only the weaknesses of the central authority, but also the threat of its recovery can encourage a rebuilding of the 'alliance of the community interests' among regional elites.

Secondly, a breakdown of the basic social systems could be the starting point for the formation of a regional counterelite on the basis of political unrest and organized pressure. Even if these threats are not very realistic, how they are perceived is significant. The communist ethics of public allocation, restricting the dominance of corruption and guaranteeing some kind of social security and equality, survives as a strong imperative. The bloc around the communists and a part of the old economic elite absorbs a part of the social frustration and gains greater political influence during a crisis in transformation as poverty figures rise.

The most important figures of the different political and economic groups and even the *Mafia* groups have attempted to stabilize the situation. One example is the reconstruction of the central heating system in Yaroslavl city in 1994. The Deputy mayor, one of the most important players in the *game for power*, reached an agreement with different enterprises to repair the system without paying for it. The incentive for the enterprise management to accept the mayor's demand was the understanding that the mayor would otherwise block the *nomenklatura* privatization or cut off diverse means of government support. The provision of the city with basic goods it has been said, is organized in the same way.

Even more interesting is the regulation of credits, debts and the whole complex of mutual 'non-payments' between the government and different branches of industry starting with the energy sector, the different public services, banks and private households. In December 1994 the regional debts amounted to approximately 5,000 billion Rubles. The majority of the enterprises do not possess the minimum amount of financing required. (Ryzhenkov 1995: 5).

The public transport and services enterprises (especially housing, heating etc.) are chronically in debt. The government places orders for the maintenance of primary social services without having the means with which to do so. It attempts to secure money for wages from the

banks through purely administrative means. In conjunction with the *Duma* it redistributes a greater portion of the budget to the rural areas. It furthermore gives away the most profitable assets of the publicly owned enterprises and buildings in order to stabilize its own position and buy support.

The most important discretionary power held by the government is related to agriculture to which the bulk of the budget is distributed. A significant basis for a new *localism* has been provided hereby. Although the Moscow government pressures the regional administration to increase agricultural production, high prices for fertilizer, agricultural machines and gas, combined with the destruction of the melioration system and the harsh problems of institutional restructuring of the former *kolkhoz* and *sovkhos*, make it very difficult even to stabilize production.

The energy suppliers are illegally forced by the administration to distribute electricity and the oil producers to 'sell' gas to the agricultural enterprises free of charge. In November 1994 the regional prosecutor demanded compensation for the aforementioned industrial enterprises. In the summer of 1995 the directors of the oil-producing and chemical industry appealed unsuccessfully to the Moscow government to replace the *governor* (Tjurin 1995b: 7).

Different groups in the administration try to organize semi-state corporations using resources from banks, different regional funds and parts of the budget. In February 1995 a Fund for Stabilization was established. In March the administration founded a Food corporation. These are attempts by the administration to get control of some of the economic processes and to organize their own economic foundation of power next to the declining state industries. Banks want to stabilize the financial system and to concentrate public and private money for investment. These corporations also aim to legalize the so-called 'shadow money' of illegal transactions. Even a trilateral committee for the regulation of Labour relations was founded (Semenov 1995: 6-7).

To this day the tasks performed in the governance structures are limited to addressing a few problems having to do with social stability. Around them and interdependent with them is the struggle for the redistribution of property and power between the central government agencies and the region, between the directors themselves and between them and the new entrepreneurs, between the regional government agencies and the economic actors and between different cliques and temporarily

conditions. Conflict still prevails over cooperation. The actors have been unable to agree on the basic rules of the struggle of redistribution other than 'The strongest takes all!' – if at all possible. The 'shadow of the future' (Axelrod) of possible cooperation is very short, uncertainty much greater than confidence, mistrust common. Violence is a chronic part of social interaction even between top figures of the elites.

Until the struggle of redistribution calms down once resources have been exhausted and stable 'empires' formed, until the fight over major positions in economics and politics has been settled because the losers have been expelled and the winners are sure of their gains and until the decline in production has reached a halt, it will be very difficult to achieve new forms of regional governance beyond the few governance arrangements which have emerged thus far.

### Notes

- 1 The members of the project team are affiliated with the sponsor of the research project, the Working Group 'Institutional Transformation in the new German Länder' of the Max-Planck-Gesellschaft, and with the Department of Social Sciences of the Humboldt University, both in Berlin. The Russian partners are from the Institute of World Economy and International Relations of the Russian Academy of Sciences.
- 2 For the theoretical background see Nedelmann 1995.
- 3 Unless we are willing to grant automatic approval to all policies and activities of the powers that be, we must acknowledge that corrupt elites could at times create de facto policies less objectionable than their 'legitimate' alternatives' (Johnston 1989: 987).
- 4 Ineffectiveness means here 'the decline in the capacity of public executives or administrators to secure compliance with or to attain desired goals through the imperative coordinations of authoritative allocations of the state' and unstableness for 'the failure of efforts by elite political actors to retain their positions of dominance or to reproduce preexisting coalitional arrangements' (Schmitter 1981: 302).
- 5 We use the term 'governance' for 'sociopolitical forms of governing' in which public or private actors do not act separately but in conjunction, together, in combination, that is to say in 'co' arrangements'. These patterns form the 'emerging' outcome as well as a more abstract (higher level) framework for day-to-day efforts at governing.' (Kooiman 1993: 2)