

# No Institutions

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Humankind has come a long way in the twenty years since the “velvet revolutions” in Central and Eastern Europe and the fall of the Berlin Wall. Back then, when the great changes were taking place, romantic illusions about the “end of history” became popular. People thought that following the historic defeat of communism as both a doctrine and political practice, mankind would inevitably join forces to build a new global civilization based on liberal democracy and a free market economy. But two decades later, what we see instead are new economic, political, and religious dividing lines. Russia, along with other post-Soviet countries, played an important part in this change in direction. The countries occupying the former Soviet Union’s territory proclaimed their intention to embody the values emblazoned on the banners of the democratic and anti-communist revolutions at the end of the 1980s and beginning of the 1990s, but they ended up building a new transitional and interim reality of their own. The result is an eccentric mix of various principles: the state’s domination over society and the individual – inherited from the old system – and new institutions and relations such as private property, multi-party elections, and division of powers. It is still not clear just how long this transitional state will continue and what might eventually emerge in place of this “hybrid” reality. However, first of all we should try to understand why it arose in the first place. Was it the result of a dramatic coming together of unfavorable factors, or was it fated from the outset, programmed by the Soviet Union’s entire history from its birth to its collapse? This article reflects on precisely these questions.

The fact that a Soviet type social system contains such great potential for inertia surprises no one now. This kind of inertia can be seen to a greater or lesser degree in all the countries that “emerged from communism.” It can be seen in the new elites’ obsession with monopolizing power with the help of modified hierarchical-bureaucratic structures and the more technologically sophisticated manipulation of public opinion, their arrogant disregard for society, and their endless appetite for turning assets into an inheritance right. But in Central and Eastern Europe, these post-communist symptoms are kept hidden behind the European facades of new institutions, whose role and influence increase as one goes from east to west, from the Balkans and the Baltic states to the Czech Republic and Slovenia. These lingering remnants of the past raise their heads only when the new system enters a development crisis, such as the current situation. Then, as in the early 1990s, seemingly forgotten political actors make their reappearance on the stage – ultranationalists and anti-Europe activists proclaiming a new war against even older ghosts from the past such as communism and Stalin and their ideological supporters.

In Russia, as in most of the countries of the former Soviet Union, the post-communist reality continues to dominate politics and everyday life. Moreover, the new elite in power and the propaganda services that work for them assert that these kinds of hybrid forms, dubbed “sovereign democracy” in Russia, embody the true sense of post-communist transformation, for this part of the world, at least. Following this logic, although movement towards democracy (real, competitive democracy) is the ultimate goal of transformation, it is a lengthy process that under no circumstances should be hastened. As a result, a long period dominated by traditional institutions and public relations, updated a little to meet modern demands, is allegedly inevitable. Otherwise, society would face the inevitable danger of an abrupt anti-modernization turnaround. Such, they remind us, was the fate of the February 1917 Revolution which, encouraged by its easy victory, tried to race too fast into building democracy. Although the interest in maintaining the status quo is obvious in such reflections on the part of those in power, at the

same time, their fears of an anti-modernization turnaround are far from groundless. Indeed, these fears, albeit in a distorted fashion, reflect serious social realities. However, it is important to clarify here why the role and influence of post-communism varies so greatly in the different parts of the former “Socialist Commonwealth” – in the Central and Eastern European countries that have become part of “greater Europe” and in the countries of the former Soviet Union, in particular Russia.

Hundreds of books have been written on this subject. Summing up their content, two key conclusions are evident. First, the participants of the “velvet revolutions” had clear aims: a return to European civilization, which required them in their political practice to follow this civilization’s and its institutions’ particular demands and rules. Second, this conscious and voluntary choice on their part turned the European Union into a powerful player in all of the Central and European countries’ domestic politics during the years of market and democratic reforms. It was simply not possible not to take into consideration or disregard altogether the European Union’s views.

In Russia, as in most countries of the former Soviet Union, neither the new elite nor the general public had a clear idea of the goals of transformation. Initially, it seemed that everyone wanted to build democracy and a “society of plenty,” as in the West. But with the early difficulties that the reforms brought along this infatuation soon faded. However, an unclear situation with uncertain objectives remained. Of course, the post-Soviet elite set domestic policy and its priorities, and they were not about to let anyone else get involved in this process. Their aim was not to convert power into property, as was previously thought. Reality proved more imaginative than even the notable predictions of Leon Trotsky, who in the late 1930s painted a convincing picture of how the Stalinist *nomenklatura* would carry out a bourgeois counterrevolution. The new elite organized things in such a way as to maintain the power system with all of its familiar mechanisms, and at the same time become new owners of various assets. The general public did not have the awareness needed at that time (and still does not

have it, for that matter) to impede these plans. Unlike the citizens of the Central and Eastern European countries, they were inexperienced, clumsy, and naïve in political and civic terms. Democracy in their minds was associated more with having sausage, kitchen appliances, and their own cars than with some particular set of values and code of behavior that you had to follow even when you didn't want to. Such a society could not act as a counterbalance to the new elite's selfish plans. It soon forgot the euphoria of the anti-communist revolution of August 1991 and just tried to survive and adapt to life under the new conditions. European guidelines were not needed for such objectives. In any case, there was no particular pressure from outside to carry out democratic and market reforms. The American administration at that time had powerful levers with which to influence the government in Moscow, but its greatest fear was the restoration of the previous social system. Therefore, it closed its eyes to the new elite's shameless actions, such as predatory privatization, lawlessness, "African" levels of corruption, and the emergence of an oligarchy. This combination of factors made it possible for the new Russian elite to achieve its goals with little effort. The result was the emergence of the transitional forms that continue to dominate Russian politics and public life to this day. However, Russia is not unique in this respect. A similar situation can be seen in the majority of the countries of the former Soviet Union.

This is the obvious aspect, the surface layer. Far more interesting is the issue of the institutions that are of critical importance not only for understanding the present but also for predicting the future. Russia, like all other countries of the former Soviet Union, did not develop strong and stable institutions – whether political, social, economic, or judicial. However, it is impossible to build modern democracy or carry out successful market reform without these institutions. A good example in this respect is the February 1917 Revolution mentioned above. The anti-modernization break-up that followed came about in large part because the freedom born out of the February events was not given a basis in institutions. The old tsarist-era institutions were swept aside, but the groups who came to power failed to

establish new, democratic institutions under the crisis conditions of development. As a result, anarchy was on the rampage. In any country, groups that categorically reject the idea of competition between ideas, social and political groups, and even goods usually take successful advantage of the spread of anarchy to take power, and such was the case in Russia.

If we study a different example of post-communist transformation – the cases of China and Vietnam in the Far East – we see that institutions also play a decisive role in these countries, not in affirming freedom, but in successfully developing the market. To meet the new objectives, market reforms have remodeled the institutions of the existing political system, the backbone of which is communist party power. The process of the transfer of power, which is a key element in transitional systems, has been strictly institutionalized and subjected to numerous rules and regulations.

Nothing of the kind has happened in Russia. Freedom and ownership rights have not been given an institutional framework, nor has there been a return to the numerous rules and procedures that the old system had for regulating the elite's recruitment and the transfer of power. For various reasons (the interests of this or that group, the balance of powers within the ruling class, etc.) political institutions in Russia can continue to be strong or hardly noticeable, active or in a dormant state. Only recently it seemed that there was one stable institution holding all of this political mixture together – the presidency. However, the election of 2008 resulted in the formation of a new power structure, dubbed the “tandemocracy,” which clearly demonstrated that a stable presidential institution was yet another illusion. Although the previous super-presidential constitution has been preserved, real power has shifted to the prime minister's office. This shows that power is not an institution but something based on relations of personal dependence. Thus, the political regime remains personalistic in nature, though it is based on two decision-making centers, which is unusual for such cases.

Private property rights, the most important underpinnings of a new political and economic order, have not been given solid embodiment in

Russia's new system. On the contrary, they have become relative in nature, like back in the days of classic feudalism, as one wave of redistribution followed another. You can happily own land, factories, and banks, as long as you serve the state and government, but the minute you retire, you can only count on God's kindness...

It is not hard to explain the causes for this institutional failure in the transition to post-communism in the countries of the former Soviet Union. The collapse of the Soviet Union was so swift and unexpected that it was practically impossible to preserve the old institutions, but no one was ready to build new ones. There were no ideas or strategic plans to draw on. Past experience had happened long ago and had failed in any case, and so it could not offer a reliable blueprint for new construction.

However, little effort has been made to understand why, twenty years later, the Russian political scene remains just as bereft of institutions. Modern Russian social science literature presents various methodological ideas that can be used to come up with different theories, such as identifying cycles in Russian history, that can help explain why the country's institutions are so weak. According to this theory, Russia is a country with a distributive-type economy, in which the state during long periods of time gathers assets and then distributes them to private owners.<sup>1</sup> The logical conclusion is that institutions in this environment are subject to frequent change and are therefore unstable. However, this interpretation is more helpful in describing the state of affairs today than explaining it. The problem is that without a clear understanding of what makes institutions so organically weak in post-communist Russia, we cannot understand the country's development algorithm or develop a strategy suited to the Russian environment for moving the country toward new goals.

I will share a few thoughts and observations on this point. The state system in the Soviet Union was made up of a collection of bureaucratic corporations that were sector-based or territorial in nature. The Communist Party was the only institution able to coordinate the interests of these vertically integrated corporations. The political transformation process that

began destroyed this institution. The forces of civil society were too weak to replace the Communist Party in creating the effective new institution needed to coordinate the various interests. In a democratic market model the parliament would serve as this institution. This left the various corporations to turn into independent actors with their own resource base.<sup>2</sup> It turned out to be more advantageous for them to leave the coordination of interests and resolution of disputes up to the national leader, and this in turn determined the stability of the personalistic political regime that characterizes Russia today. The corporations soon began to intentionally obstruct the parliament's development, seeing it as a threat to their own unlimited influence. Public opinion had no tradition of public representation of interests and thus accepted these new rules without protest, agreeing overall that "parliament is not the place for political discussion," because in this capacity it is useless and is only something like a department for approving the executive branch's legislative initiatives. Therefore, the first conclusion is that institutionalizing the political system requires strong public demand for the creation of such institutions – above all a national parliament – to represent interests. The current Russian parliament is not such an institution. It serves all manner of functions, but representing interests, whether political or regional, is not one of them.

Another problem in Russian politics today is the ruling elite's chronic legitimacy deficit. The elite felt this lack of legitimacy during the crisis years of the 1990s, and this feeling persisted through the "fat" years of the 2000s. The elite to this day have the feeling that everything turned out so well just through simple luck, and this explains their feverish search for legitimacy for their power, first in the ideas of the democratic February 1917 Revolution, and then in the liberal reforms of Tsar Alexander II. Later, when the trend changed, they began looking for legitimacy in the conservative politics of Alexander II's successor, Alexander III, and then in late Stalinism with its great power and strong-state ideas, which they zealously attempt to separate from communist ideology. Groups and politicians that sense they might not be around for long and are not serious

have no need for institutions, which only stop them from quickly solving their private problems.

Finally, the dramatic events of the 20th century that cost tens of millions of lives undermined the entire fabric of Russian society. The elite in power are well aware of this and have no faith in the country they rule or in its ability to resolve the fundamental problems of national development on its own. This explains why the members of the ruling class are so eager to transfer their assets abroad and send their children abroad to study, later buying them some business or other beyond Russia's borders. The talk of a country risen from its knees is all for domestic consumption and manipulating the philistines. For an elite that has no faith in its own country, the complex and tiring labor of building new institutions could hardly be appealing.

All of this leads us to conclude that alone behind high walls, opposing the globalization processes, Russia will face an extremely difficult time trying to address the tasks before it as a consequence of the weakness of its internal development resources and the lack of interest of its principal actors in building strong and stable institutions. Only by cooperating closely with the West in all areas – the economy, technology, politics, and the free movement of people and ideas – will Russia reach the point when the pressure of globalization will lead to the emergence of a responsible elite and to the mass demand for strong institutions, that will, above all, be representative.

## Notes

- 1 See: O. Bessonova, *Razdatochnaya ekonomika Rossii: evolyutsia cherez transformatsii* (Moscow: ROSSPEN, 2006).
- 2 See: I. A. Prostakov, "Korporativizm kak ideya i realnost," *Svobodnaya mysl*, N° 2 (1992).