



# Russia's political economy re-conceptualized: A changing hybrid of liberalism, statism and patrimonialism



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## ABSTRACT

Russian political–economic development since the early 1990s has been described as one of initial liberalization and subsequent re-etatization a decade later. Our paper critically builds upon this view, systematically adding patrimonialism as third dimension and conceptualizing Russia's trajectory as varying with respect to ideal–typical liberalism, statism and patrimonialism. We argue that Russian patrimonialism hindered the rise of the economically facilitating state capacity and undermined both liberalization in the 1990s and re-etatization in the 2000s.

Furthermore, we add a comparative BRICs perspective that clarifies the peculiarity of Russia's development based on statistical data from the World Bank, the OECD and Heritage Foundation. The data confirm the de-liberalization of Russia and show an increase of patrimonialism. Another finding is that Russia was the only BRIC country that de-liberalized and increased its level of patrimonialism in the period under consideration.

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## 1. Introduction

It is widely acknowledged that Russia's political economy<sup>1</sup> underwent a liberalization in the 1990s, followed by re-etatization in the 2000s (cf. [Aslund, 2007](#); [Goldman, 2010](#); [Hanson, 2007](#); [Rutland, 2008](#); [Yakovlev, 2006](#)). However, further differentiation is required for a more exhaustive and systematic analysis of change in Russia's political economy during the past two decades. Such differentiation is the objective of this study. It makes a case for supplementing the better known statist and liberal dimensions of Russia's tra-

jectory with systematic incorporation of a third dimension: patrimonialism, understood as a distinct structural mode of political–economic organization based on clientelism and patronage. Many scholars acknowledge patrimonialism as one of the defining features of the Russian political economy but have difficulties assessing its interaction with the formal, legal–rational aspects of the system (e.g. [King, 2007](#); [Robinson, 2011](#); [Sakwa, 2013](#)). We build upon this scholarship and assess empirically the impact of patrimonialism on Russia's politico–economic development. We show how patrimonialism undermined both the liberalization of the 1990s and the etatization of the 2000s and offer a quantification of the process.

In this paper we develop an analytical framework and quantitative tools for comparatively exploring the specificity of Russia's political–economic development over the past two decades. First, we systematically address change by conceptualizing the trajectory of the Russian political economy as a case that changed location in the field between

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This article is dedicated to the memory of Uwe Becker – dear friend, mentor and colleague.

<sup>1</sup> In this study, the terms 'political economy' denotes the ensemble of state–economy and capital–labour relations (cf. [Becker, 2013](#), p. 34).

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the liberal, statist and patrimonial ideal types. This approach differs both from static classifications (i.e. Russia having, for example, ‘state-led capitalism’ (Lane, 2008) or ‘patrimonial capitalism’ (King, 2007)) and from analyses cited above which focus on the shift from liberalization to etatization but do not grant enough attention to the impact of patrimonialism. Second, we quantify such developments in Russian political economy, placing it in a comparative BRIC context and illuminating the particularities of Russia’s development.

In doing so, the paper builds on the literature on comparative capitalisms. We depart from predominant accounts in the field in two important respects. First, our approach differs from static classification of national political economies where large numbers of cases, including Russia and other post-communist countries (e.g. Lane, 2005; Myant & Drahokoupil, 2011), are crowded-together under the label of one or another ‘type’, calling cases in plural, for example LMEs (liberal market economies) or CMEs (coordinated market economies). In such conceptualizations it is difficult to conceive of change other than a radical overhaul from one ‘type’ to another (Thelen, 2004, p. 3). As an alternative view, we present a more dynamic approach by distinguishing between ideal types of capitalism (theoretical models) and empirical political economies (hybrid cases). This distinction gives space to grasp nuances and gradual change: an empirical case only approximates an ideal type and contains elements of several types, the proportion of which can change over time. Second, our approach goes beyond the predominant accounts in comparative capitalism scholarship by deploying an additional ideal type of capitalism – patrimonialism – which we argue represents an alternative way of organization and functioning of a political economy and is crucial for understanding the specificities of the BRICs and Russia in particular (Becker, 2013). These points will be detailed in the next section.

The paper clarifies Russia’s political–economic development in these ways, through two distinct but interrelated steps. The first, historical–analytical step provides insight into changes that occurred in the political economy of post-communist Russia in the conceptual framework of three ideal types of capitalism. The assessment is based on a critical reading of secondary literature supported by newspaper articles and interviews with entrepreneurs conducted in Russia in the spring of 2014. We make the case that Russia experienced an attempt at liberalism in the 1990s, which was followed by an attempt at statism in the 2000s. Both processes were accompanied, and indeed undermined, by patrimonialism. The study of the impact of patrimonialism on the processes of liberalization and etatization is central to the analysis. Notably, the attempted move toward greater statism hardly implied a general strengthening of the state, although it became more centralized and the extent of state ownership and state activities increased. State capacity, understood broadly as the capacity to formulate and implement policy, rose only in coercive terms, not in terms of facilitating economic development which involves creating incentives for private entrepreneurialism, providing legal certainty and improving education, R&D and the infrastructure (we dub it ‘facilitating state capacity’). The rise

of the facilitating state capacity has been hindered by patrimonialism, notably the widespread patron–client ties and private appropriation of the public realm by political and bureaucratic agents.

The second step in the paper aims to ‘individualize’ (Tilly, 1984) Russian political economy in comparative BRICs perspective and to examine whether the direction of change as identified in the first step can be quantitatively revealed. The BRIC countries are selected as comparison cases since they are all large emerging and internationally significant political economies. No doubt there are notable differences between the BRICs as regards size, historic legacies and factor endowment, to name a few, which are interesting for the purpose of comparison. For the purpose of this research, however, we want to point out some similarities between the BRICs. Figures of economic performance, competitiveness and investment indicate growing importance of these countries and imply a shift in global economic power beyond the “hype initiated by the Goldman Sachs BRICs ... studies” (Nölke, ten Brink, Claar, & May, 2014, p. 539). For instance, the share of the BRICs in global production increased from 15% in 1995 to 25% in 2010 (International Monetary Fund, 2012). Politically, since 2009 the leaders of the BRICs<sup>2</sup> have been meeting at annual summits, aspiring to give emerging countries a stronger voice in international governance and to advance an alternative agenda on economic development, in particular through a more pronounced role of the state.

The focus of the comparison will be on Russia: we do not attempt a detailed treatment of other BRICs nor aim to compare or explain in depth their trajectories. A general statistical comparison, however, is possible and appropriate, using data provided from the *Index of Economic Freedom*, the *World Governance Indicators* and the *OECD* on product market regulation and employment protection legislation. The main finding is that the data confirm the de-liberalization of Russia and show an increase of patrimonialism. Another finding is that both processes ran counter to the developments in other BRIC countries. In terms of its trajectory of change Russia is revealed to be an outlier: Russia was the only BRIC country that de-liberalized in the 2000s compared to the 1990s, while India, China and, to a lesser extent, Brazil liberalized in this time period. Russia was also notably the only country that experienced a growth of patrimonialism, which decreased in other BRICs.

In taking these two steps, the paper makes both theoretical and empirical contributions. In theoretical terms, the paper contributes to efforts to incorporate patrimonialism into the comparative capitalism framework. While the concept of patrimonialism is widely deployed in studies of political systems or governance regimes (e.g. Adams & Charrad, 2011), it is seldom applied to the economic domain (Robinson, 2011, and Schlumberger, 2008, being among the notable exceptions), although it shapes to a considerable degree the organization of the political economies of emerging markets.

<sup>2</sup> The club was extended by South Africa in 2010, which is not included in the study due to the lack of necessary data for the time period considered.

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