



Economic and political hybridity: Patrimonial capitalism in the post-Soviet sphere

Neil Robinson^{a,b,*}

^a Department of Politics and Public Administration, University of Limerick, Limerick, Ireland

^b Institute for the Study of Knowledge in Society, University of Limerick, Limerick, Ireland

ARTICLE INFO

Article history:

Received 21 November 2012

Accepted 2 February 2013

Keywords:

Hybridity

Political stability

Patrimonial capitalism

Russia

Former Soviet Union

ABSTRACT

Hybridity in non-democratic states can be economic as well as political. Economic hybridity is produced by the same kind of pressures that create political hybridity, but the relationship between economic and political hybridity has not been as much studied by political scientists. This article uses the concept of patrimonial capitalism to look at economic hybridity, its stability and relationship to political hybridity. Using examples from Russia and other former Soviet states it argues that economic hybridity is unstable and that it has a potentially negative affect on political stability generally.

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1. Introduction

The origin and fate of hybrid regimes have been explained predominantly and widely as functions of politics. Hybrid regimes are the result of a global political event – the end of the Cold War. Their primary characteristic is political and institutional; the adoption of the formal architecture of liberal democracy, particularly elections, by elites who are not prepared to accept the prospect of losing power that free and fair elections necessarily create (Levitsky & Way, 2010: 17–19). This latter characteristic also determines their fate: hybrids seem to end – or are

succeeded by new iterations of hybridity – through transition by election since elections throw into sharp relief the gap between their constitutional and political natures. However, hybridity often extends beyond politics. The end of the Cold War did more than expose a raft of new states to democratizing pressures, enable policy makers to make democracy promotion a foreign policy priority, and make democracy ‘the only game in town’ (Przeworski, 1991: 26). Rulers who were forced to modify their closed political systems were also forced by the same global forces and agencies to modify their closed economic systems; the market was ‘other game in town’ and ‘capitalism promotion’ changed economic practice and development as much as ‘democracy promotion’ changed politics.

The results of capitalism promotion have been no better than those of democracy promotion: economic hybridity is almost as common as political hybridity. The two often overlap, although political hybridity and authoritarianism do not always require economic hybridity as the existence of open market economies in authoritarian polities shows. Economic hybridity does seem to require political hybridity or actual authoritarianism to develop and endure. Where they develop at the same time – as has been the case in the

* Department of Politics and Public Administration, University of Limerick, Limerick, Ireland. Tel.: +353 61 202320; fax: +353 61 202572. E-mail address: neil.robinson@ul.ie.

Peer-review under responsibility of Asia-Pacific Research Center, Hanyang University



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former USSR – they become intertwined and co-dependent. The relationship between economic hybridity and politics means that economic hybridity is both a form of economic order and a part of the political order since it is both structured by and structures political relationships. Co-dependency of politics and economics means that a crisis of one may become a crisis of the other.

Economic hybridity and its political effects have been less studied than political hybridity by political scientists. One of the few attempts made to conceptualize it on a par with political hybridity is Oliver Schlumberger's (2008) analysis of 'patrimonial capitalism'. This article seeks to expand on Schlumberger's paper by looking at cases of patrimonial capitalism from the former USSR to argue that the development of patrimonial capitalism has been important for political stability, which here is taken as equivalent to the degree that leaders are able to easily reproduce their rule by ensuring the co-optation of elites and social passivity. It will be argued that patrimonial capitalism is inherently unstable because of its difficulty securing growth and due to the tensions within it. It is only stable under certain conditions, which will be outlined below. Where it is stable it has provided – at least so far – for elite co-optation as well as for some degree of performance legitimacy in post-Soviet hybrids, and has been able to balance the demands of rapacious elite groups and resource demands from officials trying to discharge state functions.¹ The latter is a main source of tension where economic and political hybridity mix. Political hybridity creates rapacious elite interests and at the same time enables social forces, albeit weakly, to put demands on the state. Dealing with this tension to create stability and political co-optation of elite and social groups is partly exogenous to patrimonial capitalism, at least in post-Soviet cases. It is a product of rent-generation from privatization, hydrocarbon revenues, and foreign borrowing. Post-Soviet patrimonial capitalism does not appear to be capable of generating stability from economic growth itself without further reform, and this reform is blocked by its own nature as a form of rapacious political capitalism, very different to the 'varieties of capitalism' that exist in capitalist democracies (Ganev, 2009).²

This article concentrates on Russia, although reference will be made to other post-Soviet cases where appropriate to illustrate aspects of the in/stability of patrimonial capitalism in the region. There are two reasons for this

approach. First, emphasis is put on the Russian experience because its experience is varied politically and economically so that it is possible to relate other post-Soviet cases to its experience to illustrate points about their development. Second, Russia is the central economic and political power in the region and this creates pressures on it that demonstrate most fully the tension that can exist within patrimonial capitalism between resource distribution aimed at elite co-optation and resource accumulation for the purposes of fulfilling state functions of social management and security provision.

2. Patrimonial capitalism and its development in the former USSR

Patrimonial capitalism is a form of neo-patrimonialism. Neo-patrimonial systems are combinations of legitimating practices and norms, combinations of forms of economic practice and of political practice. In neo-patrimonial systems personal ties and relations are complemented, complicated and sometimes conflicted by impersonal institutions that have some independent existence of individual actors. These impersonal institutions are most notably, but not exclusively, a bureaucratic state machinery, the development of which pushes a part of the state away from personal relations towards more enduring hierarchies based on impersonalism; and market economic exchange, which adds additional channels to wealth to the traditional personalised access to resources through the machinery of a state constructed around its leader(s). Neo-patrimonialism is thus a non-democratic social and political order that is made up of conflicting modes of organization and their legitimation rather than a particular institutional, social or economic order (Erdmann & Engel, 2006; Médard, 1982).

Fig. 1 maps out the space that neo-patrimonialism occupies between personal and impersonal modes of social, political and economic legitimation. Neo-patrimonial systems take different forms within this space according to their combination of different legitimating principles. In each corner of this space are four types towards which, and according to material and other pressures, a neo-patrimonial system may veer. A neo-patrimonial system where bureaucratic impersonalism merges with high levels of political control of the economy will tend towards a developmental state model where bureaucracy endeavours to direct development (the top left of Fig. 1); where bureaucratic impersonalism combined with market economic regulation the tendency will be towards a less directed developmental state with the bureaucracy acting not as the director of investment decisions but facilitating market relations through legal guarantees of property etc (the top right of Fig. 1). Where both market and bureaucracy are weak the tendency will be to the traditional patrimonialism that Max Weber (1947: 622–649) originally described (bottom left of Fig. 1), in which neo-patrimonial, impersonal elements are very weak. Where personal patronage is a key form of legitimation but mixes with the market the tendency will be towards patrimonial capitalism (bottom right of Fig. 1). It is this latter type that interests us here.

¹ On the importance of performance legitimacy for hybrid regimes in general, and for post-communist regimes in particular, see Burnell (2006) and Feklyunina and White (2011: 387).

² See Lane and Myant (2007) and Myant and Drahočoupil (2011: 299–302), for descriptions of how the 'varieties of capitalism' literature is not relevant to the case of most post-Soviet cases. Lane and Myant bracket the post-Soviet economies together as 'hybrid economies', but do not analyze them as a class. Myant and Drahočoupil briefly (311–312) describe post-Soviet economies as being either 'oligarchic or clientelistic capitalism', 'order states' or 'remittance- and aid-based economies'. All of these are far from the 'varieties of capitalism' literature. The first has some similarities to what is called patrimonial capitalism here, but the idea is underdeveloped and there are no clear dividing lines between what Myant and Drahočoupil call 'oligarchic capitalism' and the other two forms of economy: an oligarchic capitalism or an 'order state' can rely on remittances (as some definitions of rentier states would allow for).

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