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Transfer of Institutions: Actors and Constraints - The Russian Case in a Global Context

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HWWA Discussion Paper

Transfer of Institutions: Actors and Constraints - The Russian Case in a Global Context

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HWWA Discussion Paper 320

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ABSTRACT

Modernity is usually thought as a complex society with clearly differentiated spheres of everyday life. It means, in particular, that economic rules do not interfere with the norms structuring political, social, scientific and other interactions. The complex, differentiated society sharply contrasts with a ‘small’ and homogeneous ‘pre-modern’ society. The process of modernization, i.e. differentiation of the spheres of everyday life, can take various forms. In an advanced country it relies on internal forces. Modernization in this context looks like an evolutionary, ‘bottom-up’ development. In a backward country (Russia and Germany in the first half of the 20th century), modernization requires a strong governmental (from the top to the bottom) intervention. Invidious comparison with more advanced and successful countries makes the state officials in backward countries accept the way of reforms. Due to the lack of the internal forces leading to an evolutionary rise of modernity, the state officials refer to the Western experience and know-how. Consequently, a ‘catch-up’ modernization naturally transforms into ‘Westernization’, the transfer of Western institutions to backward countries. As the title suggests, the paper deals with the institutional problems of such a transfer of institutions, and with the constraints, imposed on the key actors of this process, the political elite. It will be argued, that a decisive problem of political and economic modernization in Russia is that bureaucrats face soft external and internal constraints. An absolute imperative consists in institutional congruence, or the ‘elective affinity’, between the models of power relationships on which imported and traditional institutions are based. Only a passive role in carrying out reforms is reserved for non-governmental actors, which transforms their mental models into a hard constraint of reforms and prevent them from putting limits on the rulers’ discretion. Consequently, there is a high risk of the transformation of modernization policies into a mechanism of the reproduction of imposed power.

Keywords: state bureaucracy, economic backwardness, catch-up modernization, conservative modernization, opportunism, institutional constraints, power, authority, invidious comparison, institutional importation, democracy, shared mental model

JEL-Classification: A13, A14, B15, B25, B52, D73, H83, K42, N40, O17, P21, P37, P51

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1 INTRODUCTION

Reforms in the post-Soviet countries – probably with the exception of the Baltic States – did not lead, contrary to widely cherished expectations, to the emergence of democracy and a full-fledged market. On the contrary, the elements of democracy, however weak and imperfect they have been since the start of the 1990s, are progressively disappearing and leaving only the façade, if that, of formally free elections. The idea of, to use an expression that is popular in contemporary Russia, ‘strengthening the vertical of power’ (i.e. all important political decisions are to be made only at the highest levels of the state’s hierarchy) contradicts the principles of diversification and delegation of powers. Political capitalism replaced market capitalism based on competition and private initiative. ‘Profit is made through the state, via contacts with the state or under physical protection of the state’ (Swedberg, 2003: 60). The case of Yukos, once the major Russian oil company, whose owners were prosecuted for fraud and tax evasion as soon as they had lost their privileged relationships with state officials, illustrates this. Under political capitalism ‘two bases of the rationalization of economic activity are entirely lacking; namely, a basis for the calculability of obligations and of the extent of freedom which will be allowed to private enterprise’ (Weber, 1968: 238).

There are two perspectives from which the unexpected outcomes of post-Soviet transformations can be viewed. First, they can be seen as country-specific phenomena resulting from the particularities of political traditions, the heritage of the communist past and national culture. Second, one can put post-Soviet transformations into the context of universal problems observed recently in many other countries and emphasize their common, transversal features. Both strategies have their advantages and disadvantages. The first strategy appears more cautious than the second: any attempt to generalize and ‘universalize’ the results of research in the social sciences raises doubts as to the validity of the conclusions. ‘The causal conditions involved in generalizations about human social conduct are inherently unstable in respect of the very knowledge that actors have about circumstances of their own actions’ (Giddens, 1984: xxxii). Another advantage of the ‘particularistic’ approach consists in a high probability of arriving at conclusions convenient for most Western scholars and observers: the failure of reforms is principally due to the heritage of the past; there is no point in comparing the post-Soviet case with the problems existing, among many other countries, in Afghanistan, Iraq, and the former Yugoslavia.

On the other hand, the strategy of considering the problems of post-Soviet transformations separately from the global context deprives the analysis (and corresponding policy implications) of an important dimension. The missing elements are related to the processes of globalization. For example, economic globalization refers to ‘those parts of production, exchange and consumption of resources that transpire in transworld arenas’ (*Democratizing the Global Economy*, 2004: 9). Post-Soviet transformations cannot be excluded from the global context since, during the 1990s, the Russian government depended on the financial resources provided by international organizations such as the International Monetary Fund and the World Bank (at that time Russia became one of the world’s largest borrowers with about \$123 billion US in debt as of early 2003). By the end of the 1990s, Russia stopped borrowing on the world financial market and started to pay off the foreign debt, but it is estimated that the oil and natural gas revenues of this country (influenced by the situation on the world market of hydrocarbons) provide as much as 40% of the national government’s budget and 55% of export earnings (US Department of Energy, 2004).

The article represents an attempt to overcome the opposition between the studies of the universal and country-specific problems related to the policies of modernization through the focus on bureaucracy and the institutional constraints within which state officials act. The author explores the ‘third’ path, which is different from both the claim to universal validity of neo-liberal models and the opposite belief in the uniqueness of the Russian experience. ‘The only way you can deal with culture when you are in politics, without being railroaded in a specific direction by unconscious prejudices, is to deconstruct the large inimical concepts that come from examining different cultures into legal categories where the hooks and loops that allow different cultures to hang together can be found’ (Soto, 2002, New preface).

The article starts with a discussion of the qualitative impact of global embeddedness of the post-Soviet countries on the choice of reform policies and their outcomes (Part I). In this respect, one can gain some insights into the nature of the problems observed in several other countries whose reform policies have been heavily influenced at global, international level, regardless of the form the influence takes. Today, there exist only a few countries such as North Korea or Zimbabwe that are relatively autonomous in the choice of their policies.

Part II contains a brief survey of the key actors translating global tendencies and pressures into concrete reform policies. Special emphasis is placed on the state represented by the political elite and the state bureaucracy. The actors act under a set of constraints studied in Parts III and IV. The list of constraints includes, in addition to global influences, formal and informal institutions as ‘the rules of the game in a society’ (North, 1990: 3), ideology as a ‘judgment about the fairness or legitimacy of the contractual or institutional arrangements within which individuals live and act’ (North, 1984: 35) and the prevailing model of power relationships specifying on which grounds an individual acquires the right to control the other individuals’ actions and to ‘carry out his own will despite resistance’ (Weber, 1968: 53). It is argued that successful reform policies must be congruent with all the above mentioned constraints, the last being the most important one.

This idea can be expressed with the help of a concept popular in modern economic sociology, embeddedness (Granovetter, 1985). Global processes, social relations, institutions and ideology penetrate the actions in respect of reform policies and make them embedded. Hence, the success of reform policies depends on the degree of ‘elective affinity’ between, on the one hand, the shape of reforms and, on the other hand, the institutions and processes in which they are embedded. The assumption that power relationships have a higher relative weight than the other constraints implies that feasible reforms always go along with the prevailing model of power and contribute to its continuous reproduction.

In the conclusion, some unexpected results of the reforms carried out principally under only one efficient constraint, that of power relationships are discussed. If this case applies to most countries making, then one can put forward a hypothesis of negative convergence. Being conscious of the dangers associated with attempts to adapt a ‘universalistic’ point of view, I nevertheless opt for putting post-Soviet transformations into a comparative perspective. Country-specific (‘particular’) processes can be expressed in universal terms. A country-specific picture will then look like a mosaic, a unique configuration of the elements whose traces might be found in a number of other pictures. In order to draw such a picture, social scientists need to rethink usual concepts divided in two groups: universal and specific (for further considerations of this point, see Oleinik, 2004). This article may be considered an attempt to take the road from the particular to the universal that has not been sufficiently explored so far.

2 MODERNIZATION AND INSTITUTIONAL IMPORTATION

No country exists in a void; financial and materials resources, human beings and ideas have moved from one country to another since the very beginning of human history. For example, recent excavations in Labrador (Canada) provide evidence of intense tribal migrations leading to clashes of cultures well before the arrival of first Europeans.¹ As a relatively recent phenomenon, globalization has simply increased the speed, scale and scope of these processes. ‘People, machinery, money, images and ideas now follow increasingly nonisomorphic paths... the sheer speed, scale, and volume of each of these flows are now so great that the disjunctures have become central to the politics of global culture’ (Appadurai, 1996: 37).

Flows at a global level imply a comparison of different countries as well as keen explicit and implicit rivalry between them. Rivalry has taken diverse forms throughout history: from wars and military conflicts to relatively peaceful political competition and struggles for a larger share of world markets. It is worth noting that until the present there was no set of rules acceptable for any global player, no durable consensus on governance of global flows and interactions. The lack of common frameworks and criteria for comparisons transforms interactions at a global level into a zero-sum game: there are always winners and losers. Furthermore, in such a context one can hardly imagine *absolute* winners and losers; they can be defined only in *relative* terms. This contributes to an endless reproduction of rivalry: the concept of invidious comparison developed by Thorstein Veblen seems very pertinent here. Global processes today, like the market in the US in the 19th century that inspired Veblen, lack an adequate institutional framework. ‘The invidious comparison can never become so favourable to the individual making it that he would not gladly rate himself still higher relatively to his competitors in the struggle for pecuniary reputability’ (Veblen, 1934: Ch. 2). Losers – in military, economic, politic or cultural terms – are motivated to learn how to win (or at least how to improve their relative standing), in particular, through comparing themselves with and imitating more successful rivals.

Even in the case of military conflicts, their outcomes depend on a large number of economic, political and social factors. Hence, rivalry has always had important impact on

¹ See, for example (Smith, Bell and Rankin, 2003) for a discussion of the results of a series of digs along Porcupine Strand (Central Labrador) shedding light on a 7000-year history of interactions between at least seven cultural groups.

socioeconomic systems as a whole. ‘The traditional evolution from aristocratic polis to hoplite polis to citizen polis mirrored the necessary expansion of the military base [from a few well armed knights to the hoplite phalanx] as well as the transformation of the political base from the few to the many’ (North, 1981: 103).² Further, invidious comparison refers to virtually any aspect of a country participating in global interactions. In the absence of univocal criteria acceptable for every rival, even minor aspects of everyday life might become a subject of invidious comparison. The list of items for comparison is potentially endless.

The metaphor of invidious comparison suggests that material wealth plays an increasingly important role in rivalry. On the one hand, ‘the possession of wealth confers honour; it is an invidious distinction’ (Veblen, 1934: Ch. 2). On the other hand, wealth gives an important edge in military conflicts and other cases of rivalry in explicit forms. Consequently, rivalry contributes to the spread of the forms of socioeconomic organization having a comparative advantage in producing and accumulating wealth on a global scale. Modern socioeconomic organization in general and its particular form, capitalism, outperform alternative models of socioeconomic organization from this point of view.

The beginning of modernity is usually associated with the Industrial Revolution of the 18th century in England. Industrialization as a series of technological changes making large-scale production feasible lies at the very heart of the Industrial Revolution. Rapid technological changes and the spread of new machinery were preceded by institutional and organizational changes. ‘The technological change associated with the Industrial revolution required the prior development of a set of property rights, which raised the private rate of return on invention and innovation’ (North, 1981: 147) and so produced powerful incentives to innovate. The list of institutional and organizational changes favorable to the accumulation of wealth includes the ideology of *laissez-faire* formulated in the works of Adam Smith, William John Townsend and Jeremy Bentham, that became popular among the members of the English parliament at that time (Polanyi, 1995: 156 sq); adoption of patent law (North, 1981: 164) and a series of the poor-laws (Marx, 1959: Part VIII; Polanyi, 1995: 113 sq); factory discipline as a new ideology at micro-level (North, 1981: 169), etc. It is worth mentioning that these institutional changes occurred in the context of perpetual military conflicts demanding increasing amounts of

2 Charles Tilly particularly emphasizes a link between economic resources and success in war making: ‘the people who controlled European states and states in the making warred in order to check or overcome their competitors and thus to enjoy the advantages of power within a secure or expanding territory. To make more effective war, they attempted to locate more capital’ (Tilly, 1985: 170).

financial and material resources. For example, the English parliament attained autonomy and the right to adopt laws in exchange for accepting an increasing tax burden (Pipes, 1999: Ch. 3). From its very beginning, modernity has been deeply embedded in rivalry stimulating institutional and technological changes.

Institutional and organizational changes created a new socioeconomic structure. Its key feature consists in a differentiation between the spheres of everyday life: economy, society, politics, science, private life, etc. ‘The functional differentiation of subsystems, particularly the separation of politics and religion or economy and politics, the formation of a universe devoted to science, art, private life, are all conditions of modernization’ (Touraine, 1992: 237).³ The example of English parliament provided above shows the way in which politics was transformed into an autonomous sphere. The establishment and enforcement of private property leads to the separation of economics and politics. The autonomy of science was deeply enrooted in *universitas* set according to Roman law, one of the first corporations, or juristic persons, in history (Coleman, 1974: 23).

England was the first country to take the path towards modernity. It was followed by those countries which, in Alexander Gerschenkron’s words, ‘whose backwardness does not exceed certain limits’ (Gerschenkron, 1992: 118): Germany, France, the United States, Italy, Belgium, Austria, Switzerland. Rivalry – invidious comparison – with England in military, economic and political terms made them adapt the same technological and institutional patterns. ‘In order to understand the expansion of capitalism, we must bring into our analysis the political competition between the national states’ (Zweynert, 2004a: 6). Capitalism started to spread through the Western world. Some of the ‘relatively backward’ countries, notably the US, achieved even better results than the initial leader in the capitalist race, England. Since the second half of the 20th century, Americans have been setting global standards of technological and institutional development. ‘The “international” is itself constituted largely from competition among national approaches. [...] From this perspective, the “international” or the “transnational” has recently become a form of Americanization’ (Sassen, 1996: 43).

3 Karl Polanyi compares the process of the functional differentiation of subsystems with the erection of ‘iron curtains’ between them (Polanyi, 1995). Modernization is perceived through the prism of functional differentiation in a number of recent writings on its history (see, for example, Zweynert, 2004a: 4-5; Zweynert, 2004b: 10-11).

Latecomers in the process of modernization, backward countries including Russia, refer to a model set up by the leader to improve their relative performance. Latecomers try to reproduce the elements of the leader's model on new soil. In this respect the concept of institutional importation seems pertinent. Institutional importation means 'the transfer into a given society of a model or practice of a political, economic, or social nature, that was invented and developed in a historical context foreign to it and that derives from a fundamentally different social order' (Badie, 2000: 91). The usual sequence of reforms backing up catch-up modernization, according to Bernard Badie, starts with military reform; then it continues with administrative reform and the reform of education system. Times of heavy importation closely correspond to periods during which military strength declined relative to the West. For example, recent reforms in post-Soviet countries started with *perestroika*, which was preceded by the defeat of the Soviet Union in the Cold war.⁴ A. Gerschenkron stresses the role of the importation of machinery and know-how in initiating far-reaching reforms. 'The contingency of large imports of foreign machinery and of foreign know-how, and the concomitant opportunities for rapid industrialization with the passage of time, increasingly widened the gulf between economic potentialities and economic actualities in backward countries' (Gerschenkron, 1992: 113).

According to an institutional criterion – the degree of the functional differentiation of subsystems – modernization in Russia has still not been completed. The almost total penetrability of the border between economy and society, politics and economy, politics and science, economy and science was and still is one of the key features of the Russian socioeconomic system (for a more detailed discussion of this point, see Oleinik, 2003a: 13-14, 176-181). The affirmation that Russia has a long way to go before it attains modernity usually gives rise to at least two kinds of criticisms. On the one hand, some Russian scholars argue that modernization was accomplished during the Soviet rule. They refer to a so-called administrative market – trade of status, power and obedience, laws and the rights to bypass them – as an example of the quasi-autonomous economic sphere that had existed since the 1970s within the Soviet socioeconomic system (Naishul', 1992). In this perspective, the best reform policy would have consisted in legalizing the norms of customary law supposedly separating different functional spheres (such as the system of informal property rights possessed by the members of the Soviet elite, *nomenklatura*: Ibid.: 76-79).⁵ However, by definition the administrative market

4 The same is true with respect to reforms in Germany after WWII (Zweynert, 2004b: 21).

5 The adherents of the theory of administrative markets have an important influence on the choice of policies: Simon Kordonskij, one of the closest colleagues of Vitalij Naishul', is the chief speechwriter

results from the junction of politics, economy and society. Its simple legalization would not contribute to modernization which is understood as emergence of a complex, differentiated socioeconomic system.

On the other hand, those who support the perception of Russia as a particular civilization, a world '*à part*' suggest that modernization is far from the only path of development for this country. Russia can achieve, they continue, military and technological breakthroughs without democratization and without building a full-fledged market. 'The need for democratization... should not be considered as an imperative' (Kirdina, 2001: 21). The 'particularistic' approach in its extreme form contradicts not only the increasing scope of globalization, but it cannot help us to understand persistent attempts to import Western institutions into post-Soviet countries. The real choice that these countries face is not reduced to the question of whether to continue the policies of modernization or not, but implies the necessity to find a path towards modernity that is adapted to the particularities of post-Soviet countries.

3 THE STATE BUREAUCRACY AS A KEY ACTOR OF MODERNIZATION

Until now I reasoned in holistic categories, as shown by the assumption about the involvement of countries in making invidious comparisons. In reality, comparisons are made by concrete actors, both individual (citizens) and collective (social groups, interest groups, etc.).⁶ Nations (social groups whose boundaries coincide with those of a country in the nation-state model) as the subjects of invidious comparisons represent only an extreme case. A careful inquiry into the respective role of all the actors involved in invidious comparisons goes far beyond the limits of this article. I will focus on a more narrowly defined purpose: who are the key actors of the process of modernization and, thus, institutional importation?

for President V. Putin; until April 2004, he was the head of the Presidential experts' directorate. There exists a close similarity between the theory of administrative markets and the approach developed by Hernando de Soto (Soto: 1989), which is well-known to the Western reader. The advocates of both approaches argue that extralegal market functions in the same way as and sometimes even better than the market in modern societies.

6 The methodological approach of socioeconomics explains the focus on both individual and collective actors: 'Individual (I) and collectivity (We) are both essential elements and have the same basic conceptual and moral standing' (Etzioni, 2003: 116).

While describing the economic history of backward countries (namely those on the road to modernization), A. Gerschenkron finds the following regularity: the more backward country the country, the greater the role played by the state in modernization. The case of Russian reforms since the time of Peter the Great is very illustrative. 'Basic was the fact that the state, moved by its military interest, assumed the role of the primary agent propelling the economic progress in the country' (Gerschenkron, 1992: 120). Industrialization in Russia has been a government-driven process since its very beginning (the first state – *kazennye* – factories were established in the late 17th century in the Urals and northern Russia)⁷. State intervention in the process of modernization took very obvious and even flagrant forms during the 1930s, at the time of forced industrialization and the collectivization of agriculture. One of the *raisons d'être* for the transformation of the state into the agent propelling economic progress in the country was an extremely low level of depersonalized (generalized) trust among economic agents.⁸ 'The standards of honesty in business were so disastrously low, the general distrust of the public so great, that no bank could have hoped to attract even such small capital funds as were available, and no bank could have successfully engaged in long-term credit policies' (Ibid.: 122). The compulsory machinery of the government proved to be unavoidable for enforcing contracts and maintaining minimal standards of honesty. This is why, for example, Russia was not able to follow Germany, a relatively less backward country, into the 19th century, which would have meant reliance on investment and universal banking as a driving force for modernization.

The statement that the state transforms into an *agens movens* of modernization in backward countries needs further discussion. Whose individual or collective interests feed invidious comparisons with more advanced countries and whose resources, by the same token, include the state machinery? In a democratic society, the answer will vary in keeping with a particular situation in politics. Furthermore, perfect democracy excludes the long-lasting domination of factional interests. James Madison referred in this respect

7 Peter the Great established 233 manufactures, factories and smelters (Kluhevskij, 1958: 120). Furthermore, private industrial enterprises profited from government subsidies and the regulations that transformed industrial workers into serfs (Ibid: 114-117).

8 Generalized trust, which means having trust in personally unknown partners, is an absolute prerequisite of the market economy. 'It is strictly, in the fullest sense of the word, a "credit" economy, for it is a transfer of goods and services for a mere promise to pay a price, whose reality is none other than confidence in the expected behavior of citizens, judges and legislatures' (Commons, 1939: 245). It is worth noting that in post-Soviet Russia generalized trust remains at an extremely low level thus forbidding the spontaneous emergence of a market and creating conditions favorable for state interventions (Oleinik, 2002a: 494-495, 496-498).

to the ‘political structure which... [is] explicitly oriented to preventing domination by factions’ (quoted in North, 1981: 189).

Full-fledged democracy, however, can be considered as a by-product of modernization and the functional differentiation of subsystems. In a pre-modern situation, individual or social groups invested with political power are able to achieve their individual or group interests through the use of the state machinery and to maintain control over it on a quasi-perpetual basis. “‘Power’ is the probability that one actor within a social relationship will be in a position to carry out his own will despite resistance, regardless of the basis on which this probability rests’ (Weber, 1968: 53). The concrete characteristics of an individual or a group in power count much less: a monarch, a military junta, a clique or even bureaucracy as a group closed to the rest of the society adapts roughly the same algorithm for making invidious comparisons. Having achieved a privileged position within society, the individual or the group in power, the political elite, starts to struggle for pecuniary reputability on the international, global scale.⁹

The structure of a pre-modern society (or a society on the way to modernization) implies the existence of only one source of power. As a result of a lack of clear frontiers between functional subsystems, power is easily transported from one sphere to another. The ‘impulses of political power’ (to use an expression commonly used in post-Soviet Russia) penetrate all spheres of everyday life and structure interactions within them. There are no limits to the conversion of political power into economic, scientific, and even traditional (as in the case of a political leader considered the ‘father’ of the nation) power. Conversion of political power into economic power produces, for example, the phenomenon of power-property, i.e. the practice of granting property rights in exchange for governmental service and political loyalty (Pipes, 1999: Ch. 4; Nureev, Runov, 2001).

The opposite is true in respect of modern or complex societies. Each functional subsystem has its own source of power and criteria respecting the legitimate use of dominant positions. Access to superior hierarchical positions within each subsystem necessitates the application of a ‘particular scale of worth concerning goods and persons’ (Thévenot, 1989: 162; Thévenot, Boltanski, 1991: 98). The acceptable, from a purely economic

9 The assumption formulated above does not exclude the different manners of exercising power by the monarch, the clique or bureaucracy put forward by Max Weber (1968: 217 sq.). The point is that all of them can transform the state machinery into an instrument of invidious comparison, in which their own personal or group situation remains the sole reference.

point of view, way of getting (economic) power consists in accumulating pecuniary wealth without using either political (e.g., corruption and privileged connections with state officials in other forms) or domestic (e.g. the family as a basis for economic activities¹⁰) resources. An excessive accumulation of pecuniary wealth represents a serious danger even in modern societies; it can lead to the substitution of political, scientific and domestic rules of the game – among many others – for economic ones¹¹. Nevertheless, modernity resists the tendency by improving and perfecting what Michael Walzer calls the ‘art of separation’ (Walzer, 1992: 109 sq).

The ‘simple’, non-differentiated structure of the socioeconomic system excludes the plurality of the sources of power. Taking into consideration the leading role played by the state in the process of modernization, association with the state offers a unique opportunity for exercising power. Any other actors, except individuals or groups holding control over the state machinery, are condemned to play only secondary, marginal roles in the process of modernization. Let us look at the example of intellectuals who potentially have a word to say in choosing and implementing the policies of modernization and institutional importation. On the one hand, modernization allows intellectuals to create their own, autonomous space.¹² ‘As the inventor of his own space, the intellectual quickly finds himself in a double opposition to both the constituted powers and the protests directed at them by traditional sectors of society’ (Badie, 2000: 116). The perspective of attaining an autonomous space within the socioeconomic system potentially transforms intellectuals, individually and collectively, into actors and advocates of modernization. Nevertheless, their actual dependence on the individuals/groups in power makes their hopes of acquiring autonomy ‘sometime in the future’ much more difficult to cherish in backward countries than in the countries involved in the first wave of modernization. There is no such figure as the independent intellectual or thinker, unless one

10 This is the case of many traditional societies and societies in the process of modernization: business is usually embedded in family and kinship relationships (see, for example, Bourdieu, 1979: 48-49, Ensminger, 1992: 116-117). According to M. Weber, the separation of the business enterprise from the household was a decisive step toward modernity: ‘The household ceased to exist as a necessary basis of rational business association. The partner was not necessarily – or typically – a house member... Above all, the commercial debts had to be distinguished from the private debts of the partners’ (1968: 378-79).

11 In this sense the so called economic imperialism, i.e. attempts to explain any interactions, even within the family, with the help of a purely economic approach, has some validity (for a synthesis, see Becker, 1993).

12 Not surprisingly, first writers and then scientists as private individuals free of the patronage of persons invested with power appeared during the Middle Ages, at the dawn of modernity. Francesco Petrarca (1304-1374) was probably the first independent intellectual in the modern sense of this word (Afanasiev, 2000: 63).

sets very high requirements in respect of his personality and capacity to resist the ‘impulses of power’. Consequently, it is not worth overestimating the role of the intellectual elite in the countries experiencing catch-up modernization.¹³

The Russian case can hardly be considered an exception to the general rule. The process of strengthening the vertical exercise of power initiated by President Vladimir Putin is almost perfectly suited to the particularities of modernization in backward countries. It means that the future of this country will largely depend on the interests of this individual and the group that he represents. The groups can be described as the state bureaucrats affiliated with the power institutions (the Federal Security Service – the former *KGB*, the Ministry of the Interior, the Ministry of Defense, etc.), or *silovye struktury*, to use a Russian expression.¹⁴ This assumption raises an important question. Does invidious comparison produce a durable commitment on the part of this group to the process of modernization? Can one see in it a group whose interests coincide with the patterns of modern socioeconomic development? M. Weber’s optimistic perception of the members of bureaucratic administration derives from the affirmative answer to a very similar question: ‘The development of modern forms of organization in all fields is nothing less than identical with the development and continual spread of bureaucratic administration’ (Weber, 1968: 223). For him, there exists an ‘elective affinity’ between the interests and the values of bureaucrats and the rise of modernity. Is this the case of the state bureaucracy affiliated with the power institutions in Russia?

4 CONSTRAINTS OF MODERNIZATION

In contrast to M. Weber who believed in the intrinsic value of rationality and modernity for bureaucrats, recent developments in social sciences suggest that human beings simply react to the constraints embodied in the institutional environment.¹⁵ In other words,

13 A discussion initiated in the framework of an internet-conference organized in Russia in 2004 illustrates this point well (see http://www.auditorium.ru/aud/v/index.php?a=vconf&c=getForm&r=thesisDesc&CounterThesis=1&id_thesis=2958&PHPSESSID=401557956d53e47d78e0836ddab993bc accessed on Oct. 18, 2004)

14 For a discussion of empirical evidence, see Kryshstanovskaya, 2002.

15 Such an assumption is made, in particular, by the advocates of the new institutional economics. For them, institutions are ‘the humanly devised constraints that *shape human interaction*’ (North, 1990: 3, emphasis added). Socioeconomists partially agree with the thesis about the reactivity of human behavior, but they chiefly stress the weakness of *individual* actors: ‘While individuals shape the social entities of which they are members, and these groups and communities shape individuals, *each indi-*

human beings adapt modern patterns of behavior if the institutional environment induces them to do so. Adherents of the new institutional economics go so far as to acknowledge the inherently opportunistic orientation of human behavior if there are no efficient external constraints. Individuals behave opportunistically in the sense that they are 'seeking self-interest with guile' (Williamson, 1985: 30). If everybody is seeking self-interest with guile, this would result in Thomas Hobbes' war of all against all. Mark Granovetter calls the corresponding conception of man *under-socialized* (Granovetter, 1985: 483). On the other hand, repression of opportunism either by coercive means within a hierarchy or by 'fundamentalist' values leads to an *over-socialized* conception of human behavior (Ibid.: 485-487).

The 'third way' of analyzing human behavior proposed by M. Granovetter consists in looking at the constraints of opportunism set at the level of social groups and networks.¹⁶ Socioeconomists propose another solution. Individuals, they argue, behave opportunistically in some situations or 'zones' of everyday life. In other situations, individuals act under the influence of moral commitments, emotions or coercion. The borders between the zones of everyday life are set at both individual and macro-levels. 'People seek a balance between their moral commitments and their pleasures [...] Conflict between the pleasure valuation and the moral valuation is expected to result in intra-psychic stress' (Etzioni, 1988: 67, 73).¹⁷ At the macro-level, modernity as a complex socioeconomic system with clearly differentiated subsystems makes the search for a solution to the problem of opportunism through a compromise between several behavioral patterns feasible. Each behavioral pattern can be considered valid and justifiable only within a particular area or zone of everyday life. For example, the scope of opportunistic behavior is limited to the 'zone' of market exchanges. 'The maxim *caveat emptor*, the buyer be cautious, suggests that the freedom of the market creates some risks for the consumer' (Walzer, 1992: 108).

vidual on his or her own is more socially determined than determining' (Etzioni, 2003: 116, emphasis added).

- 16 This assumption might provide us with an insightful guiding line in exploring possible limits of state officials' opportunism: group norms could play such a role. However, the exploration of this hypothesis goes far beyond the limits of the present text, it would require to answer the following questions: (i) Do bureaucratic traditions exist in Russia and if yes, of what kind? (ii) Do bureaucratic traditions limit state officials' opportunism only in the interactions between them or between bureaucrats ('insiders') and ordinary citizens ('outsiders') as well?
- 17 Alain Touraine expresses the same idea in another manner: 'Each individual... attempts to integrate again in his or her behaviors separated elements of the social reality' (Touraine, 1994: 276).

In a society involved in the process of catch-up modernization, one can hardly rely on macro-institutional supports while attempting to achieve a balance between diverse patterns in everyday behavior. The balance is far from being taken for granted; it is expected to emerge as a major outcome of reforms. Before turning to the question of whether there are any efficient constraints that affect the potential opportunism of bureaucrats as the key actors of modernization (and guarantees their moral commitment to modernization policies), it is worthwhile to consider the situation of ordinary people, ordinary post-Soviet people in our case.

In the past, ordinary Soviet people were not involved in invidious comparison at the international level. While there was no ‘iron curtain’ between functional subsystems, one did exist between the Soviets and the rest of the world. An analysis of the image of the foreigner that the Soviets had by the end of the 1980s shows that ‘they attribute to him all unpleasant characteristics of which they want to get rid themselves’ (Levada: 1993: 180).¹⁸ The same applied to the population of any other socialist country. The Berlin wall served as a material and probably the most famous proof of the existence of the ‘iron curtain’. The fall of the Berlin wall in both the direct and figurative senses of this word led to a ‘revolution of rising expectations’, i.e. the ‘process by which people on a lower standard of living become acquainted with the benefits of a higher standard, and in consequence of this “demonstration effect” come to desire the goods at the higher level’ (Oberschall, 1993: 125-126). But, in contrast to bureaucrats, ordinary post-Soviet people were not supposed to play any significant role at all in reforms from their very beginning.

The period of radical reforms, both economic and political, started in Russia in 1992 without any prior public discussion of its shape and timing. ‘Yegor Gaidar’s [the author of the program of radical reforms in the Russian Federation] decision not to present a reform program at the beginning of the radical reform excluded people when they were most curious and supportive’ (Zweynert, 2004b: 25). At that time, the population was probably the most motivated – by the context of invidious comparison, among other factors – to actively participate in the process of modernization and to contribute to the

18 Some elements of invidious comparison characterized the everyday life of ordinary Soviet people. Vladimir Shlapentokh, while agreeing with the thesis about efficiency of the policy of erecting the ‘iron curtain’ between the Soviet Union and the West, emphasizes nevertheless that ‘average Soviet citizens are extremely absorbed with the West and its mode of life, which they try to imitate in many respects’ (Shlapentokh, 1989: 141). The process of invidious comparison with an imaginable (because of the lack of information about the real life in the West) rival can be a subject of a separate study.

choice and the implementation of reform policies. The issues related to blueprinting and implementing policies have never been a subject of public discussion in Russia since the start of the 1990s either. For example, V. Putin was elected president in 1999 and then re-elected in 2003, without presenting any detailed and coherent program.

It is possible here to see a second point of contrast between Russian and German modernization, beside the different degrees of backwardness of the two countries discussed in Part I. In Germany after WWII, while they were still far from achieving the goals of modernization, the state officials adapted a strategy of ‘talking along with the population’. ‘While the German reform strategy after the Second World War aimed at “talking along with” the population on the way to a market society, the Russian “young reformers”, following the recommendations of the so-called “Washington consensus”, even tried to *bypass* society’ (Zweynert, 2004b: 32, emphasis in the original).¹⁹ The strategy of reforms through talking along with the population can be valuable not only during the period of modernization. The search for a ‘third way’ of responding to challenges that many European societies are currently facing (which avoids the dangers associated with both a liberal response, e.g. the spread of opportunism, and a ‘fundamentalist’ response, e.g. the return to traditional values) consists in ‘empowering’ individual and collective actors. The actors are ‘empowered’ in the sense that they have a greater capacity to take initiatives (Touraine, 1999: 127). The other efficient constraint of German state officials’ opportunism was related to the reach bureaucratic traditions in this country, one of the sources for Weber’s theory of bureaucracy. The role of the ‘enlightened’ traditions was especially important during the first years of the postwar reforms, when civil society did not emerge yet.

If the population of a backward country is not supposed to contribute to reforms, this transforms into an additional constraint. An analogy can be drawn with two types of gaming simulation experiments. In keeping with the positivist way of doing experiments which is used, for example, in experimental economics, the participants do not discover the objectives of the experiment. The second way, which Vladimir Yefimov associates with the pragmatist approach in social sciences, implies that ‘players are directly interested in studying the functioning of the analyzed institutions’ (Yefimov,

19 Joachim Zweynert further argues that one of the key figures in the post-war modernization of Germany was Alfred Müller-Armack famous for his diplomatic skills, ‘which here means the art of convincing others of one’s ideas, can only be integrated into economic thought if sociological and cultural factors are taken into account’ (Zweynart, 2004a: 15). As a result, strong civil society emerged in Germany in the early 1960s, only after 10-15 years of reforms.

2003: 14). In the first case, the players' preferences and interests are given and they remain unchanged throughout the experiment.²⁰ In the second case, the design of the experiment stimulates the players to change preferences and interests. A pure constraint transforms into a valuable source of information for further improving the design of the experiment.

The passive role reserved for the population in post-Soviet reforms imposes an additional constraint: the perceptions of social reality inherited from the past. Ideas do matter, especially if the actors, both individual and collective, have no *positive* incentive to change them through a process of mutually adapting the existing ideas and the new (imported) rules of the game. Ideas inherited from the past (the Soviet past in our case) are materialized in current institutions. Even if 'impulses of political power' contribute to the changes of formal institutions, informal ones continue to be linked to the past. 'The situation of today shapes the institutions of tomorrow through a selective, coercive process, by acting upon men's habitual view of things, and so altering or fortifying a point of view or a mental attitude handed down from the past. The institutions – that is to say the habits of thought – under the guidance of which men live are in this way received from an earlier time; more or less remotely earlier, but in any event they have been elaborated in and received from the past. Institutions are products of the past process, are adapted to past circumstances, and are therefore never in full accord with the requirements of the present' (Veblen, 1934: Ch. 8).

Recent developments in the theory of ideology make this concept more operational and applicable to empirical analysis. Douglass North and Arthur Denzau define ideologies in terms of shared mental models. 'Ideologies are the shared framework of mental models that groups of individuals possess that provide both an interpretation of the environment and a prescription as to how that environment should be structured' (Denzau, North, 1994: 4). Their dynamic model of ideologies implies that changes – slow and punctuated – result from feedback with a new reality that cannot be interpreted and justified through the old ideological lens.

20 Learning the market play even through games in regular forms (players take the set of strategies for granted) was not seriously discussed in Russia at the dawn of reforms. On the contrary, the *Monopoly* board game popular in the West since the mid-1930s (after the Great Depression) greatly contributed – among other similar games – to the spread of the spirit of capitalism. Illegal copies of this game (hand made copies of the originals bought by the Soviets traveling to the West) were popular in the Soviet Union in the 1980s. However, no serious attempt was made to promote and play similar games at the start of the 1990s (for example, in the form of a TV show, which would help the population to learn how to cope with the new reality).

In the case of post-Soviet reforms, the gap between old ideologies and the elements of a new reality structured by the imported institutions of modernity is obvious. It has been explicitly perceived by the state bureaucrats. The task of formulating a new ideology which, on the one hand, is acceptable not only for the members of the political elite but for ordinary people as well, and, on the other hand, fits in with the imported formal institutions, was assigned in the second half of the 1990s. A large number of governmental – starting with the Presidential experts’ directorate – and non-governmental organizations have plodded along since then trying to develop a new ideology. Their efforts range from plans to revive Communist party-type structures to looking for liberal roots in the shadow economy.²¹

Generally speaking, there are two ways to fill the ‘black holes’ in the space of shared mental models. First, the ideology adapted to a new reality can result from an emerging consensus among all concerned actors, lay persons, intellectuals and bureaucrats. The new reality has an essentially *conventional* nature in this perspective. ‘The opinion which is fated to be ultimately agreed on by all who investigate, notices Charles Peirce, is what we mean by the truth, and the object represented in this opinion is real’ (quoted in Yefimov, 2003: 2).²² The emergence of new ideologies through agreement reserves a very limited role for any external intervention. In the best case, there is room for entrepreneurial activities. Entrepreneurs – in the Schumpeterian sense of this word – do not impose new shared mental models, but promote new combinations of exiting elements by persuading other people of their advantages.²³ Probably the role played by Alfred Müller-Armack in the post-war history of Germany serves as a good illustration.

21 The Institute for National Model of Economy (<http://www.inme.ru/>) organized by Vitalij Naishul’ and the Institute for National project ‘Social Contract’ (<http://www.inp.ru/>) established in the end of the 1990s are among numerous rivals in the search for a new ideology. The situation has some similarities – to use an audacious metaphor – with the attempts of early Christians to propose competing approaches to the new religious doctrine. Many monks of early Christian history known as the ‘desert fathers’ took refuge in the desert around the Dead Sea. ‘The desert became so crowded with solitary monks that they founded their own communities. These monasteries were a mystical source of the power of the Church for many centuries (Mishlove, Sirag 1997: Chapter ‘Ancient Hebrews and Early Christians’).

22 An additional explanation is probably necessary for the affirmation that both lay persons and intellectuals, these ‘professional’ investigators, should take part in reaching the agreement. Both lay and professional investigators are concerned with the same reality and try to understand it. ‘Categories of scientific thought must be based on common sense categories used by people in their everyday life’ (Schutz, 1987: 79). Modern approaches in social sciences deal explicitly with the conventional nature of shared mental models. In particular, scientific concepts are thought as ‘agreement reality’. ‘Concepts are constructs derived by mutual agreement from mental images’ [that the actors involved in interactions hold] (Babbie, Benaquisto, 2002: 40, 108).

23 Institutional entrepreneurs ‘recognize some potential income that they could receive if they could alter the institutional structure’ (Davis, North, 1970: 133). The emphasis on strictly pecuniary rewards

Second, the new ideology can be imposed from above, by state officials. The picture of reality does not rely on an agreement and power upholds it. Instead of emerging as a result of common efforts, the ‘truth’ about the new reality is imposed by those in power on other concerned actors despite their eventual disagreements – to return to Weber’s definition of power.²⁴ All actors except bureaucrats (and the intellectuals who agreed to work for them) are excluded from the entire process, which, on the one hand, transforms their ‘rigidified’ perceptions into a pure constraint of reforms and, on the other hand, makes the information possessed by other actors unavailable for eventual correction and adaptation of imported institutions. Since they are excluded, the actors have no choice but either to accept the new ideology on faith or to completely reject it in everyday life. The paradox lies in the fact that the ideology of modernization refers to religious fervor and becomes a matter of faith. Joseph Stiglitz notices in respect of the programs of radical reforms in post-socialist countries that ‘there seems to be a certain instant attraction between the old ideologues of the left and the ideologues of the right. Both are driven by religious fervor, not rational analysis’ (Stiglitz, 1994: 3).²⁵

The change of shared mental models through imposition raises related expenses and contributes to the reproduction of double-thinking. The imposition of ideology requires the hiring of a specialized staff (as the so-called ‘ideological workers’ in the Soviet past²⁶). Moreover, when people are forced to adapt the new ideology, they usually just manifest ‘in public for ideals and norms that may not correspond to the personal convictions of individuals and may even contradict their actual behavior’ (Hlopin, 1994: 51). This aspect sheds light on some apparent paradoxes in recent results of sociological surveys. For example, according to a cross-national *Citizenship, Involvement, Democracy* (CID) survey, Romanians appear more ‘democratically-minded’ than citizens of some Western European countries. ‘Romanians rank all eight components of “good citizenship” highly. They are more demanding than citizens in most other countries covered by the CID surveys: for every measure, the average score is higher than for all

that institutional entrepreneurs are looking for seems too restrictive; this aspect cannot, however, be discussed in more detail in the framework of the present article.

24 From this point of view, one can better understand the repetitive attempts of post-Soviet bureaucrats to establish overwhelming control over mass-media (for example, they progressively take over all major Russian TV channels: ORT, Sixth and NTV). Because the control of mass-media transforms into an especially valuable asset as far as imposing a particular mental model is concerned.

25 The observation is especially astonishing considering the historical context in which these ideologies of the right emerged. Cartesianism, the philosophical foundation of the neoclassical approach to reforming post-socialist economies, referred to the nature as a model for social organization to make credible a revolt ‘against authority as the ultimate source of truth’ (Yefomov, 2003: 1).

26 ‘By a conservative estimate 12-14 million people, about 10% of all employees, conduct ideological work on a daily basis in the framework of their profession’ (Shlapentokh, 1989: 106).

Europe, the Western nations, and transition countries overall' (Uslaner, 2003: 8). One possible explanation involves referring to the above mentioned practices of double-thinking: taking into account their past experience, Romanians know how give 'right' – i.e. expected and officially approved – answers to the questions pertaining to ideological issues.²⁷

What can be learned from the previous analysis and how it is related to the question about the commitment (or the lack of) of bureaucrats to the process of modernization? The decision of Russian state officials to exclude the population from active participation in the reforms taken in the early 1990s and confirmed again during the two terms of President V. Putin (1999-2003, 2003-?) tells us something very important about the utility function of bureaucrats and the constraints under which they attempt to maximize their utility. The choice was made at the price of transforming the mental models to which the population refers in everyday life into constraints of reforms. In the opposite case, i.e. if the strategy of empowering independent actors was chosen, they could restrict the power held by bureaucrats as the key actors of modernization. In other words, the state officials preferred to apply constraints to the reforms rather than to themselves and their powers.

J. Stiglitz suggests that unlimited powers of bureaucrats and market-oriented reforms can hardly coexist and that this was the key problem associated with the model of market socialism.²⁸ 'Modern discussions emphasize the unrealism of market socialism arising from its failure to take into account the political economy problems: do bureaucrats have the incentives to carry out the prescriptions provided by the advocates of market socialism?' (Stiglitz, 1994: 15). If there is nobody who 'monitors the monitor', invidious comparison does not create a credible commitment on the part of bureaucrats to the process of modernization. Reforms can be stopped or their program can be subjected to significant changes at any moment that is opportune for the bureaucrats. 'Without a credible conveyance of commitment to market reform, farmers, workers and others had no incentive to invest in the aboveground market' (Boettke, 1995: 262).²⁹

27 The Romanian model of 'real' socialism under the rule of Nicolae Ceausescu had far more elements of dictatorship (hence, of ideological imposition) than in other East European socialist countries. Russia was not included in the CID sample.

28 An overview of the models of socialism in general and of market socialism in particular can be found in (Oleinik, forthcoming).

29 Capital flight logically results from the lack of commitments (see Gvozdeva et al., 2000). It is worth emphasizing that the amount of capital flowing from Russia started to increase again in 2004 (according to a conservative estimate made by the Ministry of Economic Development and Trade – up to

5 ON 'ELECTIVE AFFINITY', OR INSTITUTIONAL CONGRUENCE IN DIFFERENT FORMS

The affirmation that bureaucrats have a difficult time committing themselves is hardly surprising, if the hypothesis of opportunistic behavior holds. An opportunistic actor will always try to avoid any constraint that could potentially limit his capacity to maximize utility at the expense of other actors. An opportunistic actor invested with power will be particularly successful at doing this. Consequently, the state officials will continue to take the path towards modernization and to import modern institutions as long as these policies do not put limits on their discretion. They are faced with a kind of trade-off between the desire for improving relative standing on a global scale resulting from invidious comparisons and, on the other hand, the fear for limiting their arbitrariness (as a result of setting borders between functional subsystems and empowering other actors).³⁰ From this point of view, the functional arguments in favor of institutional importation formulated in Part I can be supplemented by the emphasis on the fact that it is probably the only strategy of modernization that provides for the exclusion of most other actors except bureaucrats.

It seems that the neoclassical approach (and its extended version, the new institutional economics) is a good predictor in respect of the strategies of reforms chosen by the state officials. However, it fails to correctly predict the behavior of other actors, those who are 'excluded' from the process of blueprinting and realizing reforms: their choices are restricted by the bureaucrats. The metaphor of a market for institutions based on the assumption that the demand for new institutions on the part of actors leads to institutional importation (see, for example, Polterovich, 2001) does not apply to any actors but state officials.

The exclusion of other actors from the process of institutional importation³¹ helps bureaucrats retain soft constraints as far as their own behavior is concerned. At the same

US \$12 billion per year, see *Spegel*, October 22, 2004

<<http://www.spiegel.de/international/0,1518,324334,00.html> accessed on Oct. 23, 2004>)

30 Invidious comparison combined with the lack of limits on the choice of the means necessary to improve an actor's relative standing produces, according to Robert Merton, deviant conduct. 'The range of behavior is limited only by considerations of technical expediency. The most technically feasible procedure, whether legitimate or not, is preferred to institutionally prescribed conduct' (Merton, 1938: 674). The question of the eventual criminal tendencies of bureaucrats in the context of catch-up modernization deserves a separate study.

31 As stated above, intellectuals as well as other actors play an active role in the process of modernization if and only if they identify themselves with bureaucrats and interiorize the bureaucrats' utility

time, the state officials establish – it does not matter whether they do this consciously or not – hard constraints with respect to reforms. It should be noted that the dual constraints – soft with respect to the state enterprises and the state budget, hard with respect to households (Kornai, 1990: 328-29, 418, 550) – existed during the Soviet period and reflected the same phenomenon: the willingness of state officials to put efficient constraints on the shoulders of non-governmental actors. The passive role of other actors means that shared mental models remain constant, which create tensions between new, modern, imported institutions and the informal institutions inherited from the past.

One can theorize the tensions in the following manner. Informal institutions are assumed to be a constant on a short- and the mid-term basis (or, to express the idea differently, as long as the actors are not motivated to invest in changing their mental models). Formal institutions are an independent variable, whereas the eventual progress in the process of modernization (measured, for example, by the degree of differentiation of functional subsystems) is a dependent variable. I argue that reforms can succeed if and only if formal institutions are congruent with informal ones, or, to use Max Weber's expression, if there is an 'elective affinity' between the two sets of institutions (Oleinik, 2002a: 503 sq.; Oleinik, 2003a: 36-39). Intuitively, this means that modernization policies will succeed only in those countries where basic prerequisites of modernity existed *before* the start of institutional importation. In the best case, reforms can *accelerate* catch-up modernization. This hypothesis helps account for the widely divergent paths of historical changes (e.g., in North America on the one hand and in the Third World countries on the other hand) associated by Douglass North with the phenomenon of path-dependency. 'How have societies diverged? What accounts for their widely disparate performance characteristics? After all, we all descended from primitive hunting and gathering bands' (North, 1990: 6). The only chance of deliberately changing the path consists in motivating actors to transform the constraints – dominant mental models – into valuable assets, i.e. the elements of a new *conventional* ideology.

There exist several approaches for measuring institutional congruence or the elective affinity between 'traditional' and 'modern' institutions. Pierre Bourdieu focuses his attention on dispositions towards time and, more precisely, towards the future. In the study of rapid changes in a North African society in the 1960s, he opposed the idea that 'the practices of foresight stem from the desire to conform the inherited models' to 'the con-

function. Unfortunately, this is the case of many members of the intellectual elite in post-Soviet Russia.

stitution of a mediated, abstract future, with rational calculation having to make up for the absence of a intuitive grasp of the process as a whole the constitution of a mediated, abstract future, with rational calculation having to make up for the absence of a intuitive grasp of the process as a whole' (Bourdieu, 1979: 9-10). So, the number of the elements on which foresight is based gives us some important – and potentially quantitative – ideas about the congruency of the two sets of institutions. Another approach consists in a pair-wise comparison of the norms forming the ideal-typical constitution of a modern society, and, on the other side, the ideal-typical constitution of a society on the path to modernization (Oleinik, 2003a: 250-252).³² For example, generalized, depersonalized trust, as many empirical studies show, is usually contrasted with trust embedded in social networks, personalized trust. Answers to the standard question – 'Do you believe most people can be trusted?' – give a good approximation of the whole range of possible situations.

However, the methodology of measurement adapted to the conditions of catch-up modernization must take into account such dimensions of institutions as power relationships.³³ In this sense, the imperative to reproduce the existing model of power relationships embodies an additional constraint of institutional importation. All things being equal, reforms must not change or corrupt the model of power relationships that preceded them because otherwise the dominant position of the state officials might be challenged. Thus, the utility function of the bureaucrats places an additional limit on the process of institutional importation. As long as institutional importation does not touch (or, on the contrary, contributes to strengthening) the dominant model of power relationships, bureaucrats can rely heavily on it to improve their relative standing in global competition. B. Badie introduces in this connection with the concept of conservative modernization, i.e. 'the leader's efforts to simultaneously import Western models and preserve his own hold on traditional authority' (Badie, 2000: 97).

32 The famous methodology of comparing work-related values and managerial practices developed by Geert Hofstede is also based on paired comparisons of norms and values (Hofstede, 1980).

33 Mental models and power relationships are connected in various ways. As stated in Endnote 24, power can be used to uphold a 'truth' among many others and make it *the* truth. Furthermore, there exists an elective affinity between the existence of only one source of power (for example, in the case of the 'vertical of power') and the claims to transversal validity of a particular mental model. Joachim Zweynart makes the following observation in regard of the Christian dogma as it existed during the Middle Ages, i.e. at the time when the church was almost the only source of power. According to him, it 'may be called totalitarian in the sense that it claimed validity for *all aspects* of social interaction' (Zweynart, 2004b: 13). A separate study is needed to explore other links between mental models and power relationships.

The statement that imported institutions have to fit the model of power relationships has a significant nuance. Modern formal institutions, once they are ‘embedded’ in the existing power relationships, might in reality start to reproduce them, even if at the very beginning imported institutions seemed to contradict the model of power. The problem is that most modern institutions require the active participation of a variety of actors both individual, such as entrepreneurs and independent intellectuals, and collective, composing civil society. When the participation of these actors in reforms is not welcome, even if not banned, modern institutions cannot function properly. They receive ‘impulses of power’ *from* the state officials instead of transmitting signals and impulses from citizens *to* persons in power.³⁴ In Marxist terms, modern institutions imported by bureaucracy take on a transformed, estranged form. Under capitalist circumstances – which are supposedly contrary to human nature – labor, according to Karl Marx, transforms into a commodity. ‘In estranging from man (1) nature, and (2) himself, his own active functions, his life-activity, estranged labor estranges the species from man’ (Marx, 1959: 1st manuscript, Part ‘Estranged labor’).³⁵ Under the circumstances of catch-up modernization described above, modern institutions may transform into a fiction.

Let us take a closer look at the institutions of democracy as an illustration. According to a conventional definition, democracy includes three basic elements: the rule of Law, civil society and free elections ensuring that the government is representative. ‘In a complete democracy the rule of Law constraints governors as well as conferring freedom on individual citizens, institutions of civil society are recognized and respected, and the government is accountable to the electorate directly and through elected representatives’ (Rose, Shin, 1999: [6]; see also Touraine, 1994: 44). However, there is another, more restricted definition of democracy. ‘Realist’ democracy, first discussed by Joseph Schumpeter, refers only to free elections and the subsequent requirement of representative government. Realist democracy is ‘a system of government accountable to the mass of the population through free competitive elections’ (Rose, Mishler, 1995: 6). Focus on free elections fits in well the ‘export-import’ version of democracy because it is easy to control this aspect by external observers and the procedure for conducting free elections can be implemented relatively quickly even in countries with a strong record

34 Cf. ‘In a democratic state, a citizen, conceived to have a set of natural rights, gives up direct control over those rights to representatives, who in turn delegate those rights to governments officials’ (Coleman, 1974: 42).

35 Karl Polanyi agrees with Marx on this point. He considers labor a fictitious, non-authentic commodity, along with land and money (Polanyi, 1995: 111-112).

of non-democratic rule.³⁶ The emergence of civil society – through empowering non-governmental actors – requires much more effort and – together with the enforcement of the rule of Law – places limits on the rulers’ opportunism.

However, the rapid spread of realist democracy throughout the world during the last decade has its reverse side. Realist democracy spreads rapidly because it *does not necessarily change* the existing model of power relationship. Realist democracy can even become embedded in it. A formal procedure for voting helps the ruling elite legitimize – principally in the eyes of principal rivals, political elites in the West – their power. Overwhelming control over mass-media and political parties stripped of financial and political (because of the weakness or the non-existence of civil society and the dependence of businesses, small, medium- and large, on good contacts with bureaucrats at any level of the state hierarchy [on the later aspect, see Oleinik, 2002b, pp. 40-44]) autonomy lead to abuses of power during elections instead of making the rulers responsible.³⁷ According to the criterion of *formally* free elections, Russian reforms might be considered as a relative success. Some specialists in (post)Soviet studies suggest in this connection ‘thinking about Russia as a normal middle-income country’ (Shleifer, Triesman, 2004: 38). According to more demanding criteria, the current electoral process in Russia does not differ very much from the one that existed in the past (elections of the communist party’s candidates).

In the terms introduced above, an elective affinity might exist between realist democracy and the model of power relationships preceding catch-up modernization while the probability of such an affinity is incomparably smaller in the case of complete or full democracy. To prove or refute this statement one needs to measure institutional congruence between different models of power relationships. In most attempts to measure institutional congruence between a wide range of imported institutions and the traditional institutions in which they are embedded, the issues related to power relationships have not yet attracted sufficient attention. Are power relationships embodied in modern in-

36 The decision to hold free elections in such countries as Afghanistan and Iraq *as soon as possible* after the end of long periods of authoritarian and even dictatorial rule illustrates this point. The first success in post-Soviet reforms was related to the abolition of the famous Sixth article of the Soviet Constitution in 1990. This article asserted the leading role of the communist party in political affairs and, hence, electoral processes. Neither the rule of law nor civil society gave rise to equally intensive debates.

37 Unexpected results of reforms mentioned in the introduction can partly be explained by the embeddedness of modern institutions in the existing power relationships. Bernard Badie says in respect of political parties: ‘In a noncompetitive system, *they undergo an inversion that can produce quite unexpected results*’ (Badie, 2000: 138; emphasize added).

stitutions congruent with the power of bureaucrats as the key actors of catch-up modernization? There is one notable exception: the inquiry into the reasons for the divergent consequences of imposing the US constitution on American Indian tribes under the Indian Reorganization Act in the 1930s backed by Stephen Cornell and Joseph Kalt. They hypothesized that the different degrees of what they call constitutional ‘match’ between the current institutional rules shaped in keeping with the US constitution and each tribe’s pre-reservation government system explain the vastly different performance. Four variables were chosen for a pair-wise comparison: structure of authority (the division of powers and responsibilities), scope of authority (the range of powers and responsibilities), location of authority (the level of social organization in which power and responsibility are vested) and source of authority (the mechanisms of legitimizing power) (Cornell, Kalt, 1995: 405-407). It follows that, in order to measure institutional congruence between the models of power relationships, we must further develop their taxonomy.

Power as the capacity of an actor to impose his will on another actor, to make him obedient refers to the right to control human behavior. Power relationships exist ‘when the first [actor] has the right of control over certain actions of the other [actor]’ (Coleman, 1990: 67).³⁸ Power as the transfer of the right to control may derive from (i) rational calculations (James Coleman undertook probably the most comprehensive attempt to analyze this case), (ii) justification and legitimacy (the case studied by Max Weber) and (iii) imposition and coercion (this case is of special interest for Michael Foucault, Pierre Bourdieu and other adherents of critical sociology). Power subjected to a superior principle, rationality (i) or legitimacy (ii), transforms into authority. Power based on imposition and coercion (iii) has no other justification apart from the imperative of its own continuous reproduction.

38 An interesting issue arises when comparing property rights as the rights to control material objects and power as the right to control human behavior. The key property right, *abusus* (meaning the right to alienate, destroy, or otherwise dispose of property) ‘is, in its original meaning, a physical relation of seeing, touching and holding tangible things’ (Commons, 1939: 247). The right of control over human behavior can either reproduce the logic of property rights, or follow a completely new path. ‘The law of encumbrances on behavior is the law of right and duty; the law of opportunities for behavior is the law of liberty and exposure... [In the last case] The opposite party is free to choose alternatives rather than obey. Instead, therefore, of a command and obedience, the first party must resort to that kind of inducement which consists in setting up, or taking advantage of, alternatives between which the opposite party may choose. Command and obedience are thus legally different from persuasion or coercion, although psychologically they may look alike, for in the one relation the opposite party has no lawful option’ (Commons, 1938: 235-236). Thus, command and obedience correspond to the logic of property rights; persuasion refers to specific mechanisms of control over human behavior.

(i) The voluntary transfer of the right of control as an act of exchange results from rational calculation of the advantages and disadvantages of maintaining autonomy in actions versus obeying the orders of another actor. J. Coleman differentiates two cases: conjoint and disjoint authority. In the first case, ‘one actor vests authority in another because the first actor believes that he will be better off by following the other’s leadership’ (Coleman, 1990: 72). In the second case, ‘the actor transfers rights of control without holding this belief, but in return for some extrinsic compensation’ (Ibid.).³⁹

(ii) Submission of power relationships to a judgment of legitimacy gives the actor another reason for transferring rights of control. M. Weber considers three principles on which justification of power can be based: tradition (traditional authority), divine judgment (charismatic authority), the Law and knowledge (legal-rational authority). In each of these cases, the rulers’ discretion and opportunism are effectively constrained by reference to a superior principle. For example, a charismatic leader must prove his divine grace: ‘concrete judgments are newly created from case to case and are originally regarded as divine judgments and revelations’ (Weber, 1968: 243). The Law serves as an even more explicit limit on the exercise of control: ‘the typical person in authority is himself subject to an impersonal order by orienting his actions to it in his own dispositions and command’ (Ibid.: 217).⁴⁰

(iii) No claim to legitimacy is needed if one exercises power through the use of violence and coercion. Critical sociologists argue that violence can take a wide range of forms: from manifest to subtle and hidden. Physical violence and coercion are relatively easy to

39 James Coleman goes further in his reasoning and argues that even obedience to imposed power implies some rational calculations. ‘Even coercion may be regarded as a transaction... In authority relations that must be backed by coercion, the exchange is a somewhat special one in that the superordinate agrees to withhold an action that would make the subordinate worse off in return for the subordinate’s obeying the superordinate’ (Coleman, 1990: 71). However, this logic excludes the search for the first best solution presumed in most models of rational choice. It has more in common with the choice of the ‘least worst’ solution, or the ‘lesser of two evils’. Hence, the principles of rationality hardly limit the rulers’ discretion.

40 In a modern, ‘complex’ society the grounds for justification of power are more diversified. The cited adherents of the theory of conventions speaks of eight functional subsystems – market, industrial, traditional, civic, opinion, divine (Boltanski, Thévenot, 1991), ecological (Lafaye, Thévenot, 1993) and by projects (Boltanski, Chiapello, 1999), each of them has particular procedures of justification for getting access to a superior position. In a similar way, Michael Walzer delineates the boundaries of eight ‘spheres of justice’: money, kinship and love, political power, security and welfare, office, recognition, divine grace and education. The application of a particular principle of justification outside of the appropriate sphere deprives power of a legitimate character. ‘To convert one good into another is to invade the sphere where another company of men and women properly rules... No social good X should be distributed to men and women who possess other good Y merely because they possess Y and without regard to the meaning of X’ (Walzer, 1983: 19-20).

perceive and unambiguously interpret. The power of prison guards includes a strong component of physical violence and coercion, especially in the eyes of the subordinates, i.e. inmates (Oleinik, 2003a: 85-89). Violence in less manifest forms, verbal and symbolic, infiltrates many spheres of everyday life which are apparently far removed from prison. For example, Pierre Bourdieu and Jean-Claude Passeron consider schooling a violent undertaking involving the teaching of obedience. 'Any pedagogical action involves a symbolic violence because it implies imposition by means of arbitrary power' (Bourdieu, Passeron, 1970: 19). Science is probably another site of violence in most hidden forms (which does not exclude its eventual transformation into physical violence, as in the Fabrikant case at Concordia University in Montreal on August 24, 1992; see Beauregard, 1999; Oleynik, 2003b). 'It is an excess of violence that explains continuous attempts to erase any external sign of violence in regard of the polemics penetrated by academic hate' (Bourdieu, 1984: 39).

The model of power relationships in which Russian reforms are embedded lies very close to the third case, namely power finding justification in itself. It is worth noting that in Russian there is only one term describing power relationships, *vlast'* (power), whereas most European languages strongly differentiate between power and authority as the power subjected to external constraints. The history of Russia is rich in examples of self-legitimizing power. The phenomenon of *samoderjavie* (autocracy) can be considered a key explanatory variable for analyzing the history of pre-Revolutionary Russia. The power that 'does not need the reference to any other justification except its own existence' persisted in Soviet times as well as during post-Soviet transformations (Pivovarov, Fursov, 1998; see also Pipes, 1999). In the case of Russia, the hard constraint of reforms related to institutional congruence of power relationships means congruence of imported institutions with power in its pure form, *samoderjavie*.

If formally free elections in post-Soviet countries does not place limits on the rulers' opportunism, can one cherish hopes as far as legal reforms are concerned? As in the case of free elections, the rule of law (the objective of legal reforms) if introduced separately or in an inappropriate sequence of reforms does not guarantee *per se* effective submission of the rulers to legal constraints. The opportunistic ruler is easily able to transform the law into a 'partisan weapon' (Turk, 1976), which means the protection by legal facilities of the interests of a person or a group in power. A supposedly universalizing device turns into a means 'for maximizing the rents accruing to the ruler' (North, 1981: 24). The increasing emphasis on the strengthening of law observed in the Soviet

Union under Stalin's rule (especially in the 1930s, the time of establishing the Procuracy of the USSR and reforming the Ministry of Justice, *Narkomiust*) provides telling evidence. 'What began as an attempt to repair the damage to the authority of law wreaked by collectivization led to the abandonment of some Bolshevik features of criminal justice and the return to key aspects of the tsarist justice. What Stalin sought to cultivate was not the "rule of law" or even attachment to general legal principles, but rather law in its Russian autocratic sense, as a tool for the leader and instrument of his rule' (Solomon, 1996: 153-154).⁴¹

Even if one sets aside the imperative of institutional congruence with the existing model of power and supposes the importation of the really best examples of modern institutions (for example, by making an assumption with respect to the bounded rationality⁴² of the bureaucrats – they are unable to correctly appreciate *ex ante* all outcomes of importing a given institution), the state officials would manage to correct the mistakes and to turn the situation to their advantage at the stage of enforcement. The enforcement of the laws, however good and modern, depends on the goodwill of the bureaucrats, if other individuals or collective actors are weak or non-existent. An alternative way of enforcing 'good' institutions might consist in submitting the bureaucrats responsible for catch-up modernization to an international control, i.e. control 'from above'. This reasoning brings to light the difference between, on the one hand, the Baltic States, and, on the other hand, the other post-Soviet countries. One can argue that, all things being equal, the state officials in the Baltic States act under stronger external constraints made concrete in the legal – and modern – framework of the European Union (they joined the EU in May 2004).⁴³ However, this solution looks rather radical because it implies the

41 The outcomes of a strategy of reproducing power through the reference to the law adapted to the context of Latin-American countries do not radically differ from the case of *samoderjavie*. Alain Touraine defines the political regimes in Latin America as national-populist. They are intended to maintain the unity of all actors through their identification, up to complete fusion, with the state (Touraine, 1988: 165-168). To justify the exercise of power, the rulers refer to the idea of nation unity. Taking into consideration that all actors depend on the state, it is a kind of self-reference, self-justification. The program of legal reforms by means of legalizing traditional norms and customs advocated by Hernando de Soto fits well with the particularities of the reproduction of power in Latin America (Soto, 2000). It suggests that there is no need to change, to 'modernize' traditional norms *before* incorporating them into the law. However, according to another well-known Latin-American economist, Francesco Thoumi (Thoumi, 1995: 76, 109) the implementation of such a program would necessitate the legalization of violent, rent-seeking and predatory behavior (along with the non-differentiation of functional subsystems; see the discussion of administrative markets in Part I, especially Endnote 5).

42 Herbert Simon links bounded rationality to limited cognitive capacities of human beings and their limited capacities to implement presumably rational calculations (Simon, 1978).

43 Mancur Olson, despite his somewhat different way of reasoning, points out the positive effects deriving from a situation, when 'the power to make at least some important decisions about economic

loss of national sovereignty and somewhat attempts to ‘make people happy against their will’. Actually, as it was shown in Part I, the international influence in less rigid forms does not place limits on the rulers but, on the contrary stimulates invidious comparisons and, hence, opportunistic behavior.

6 CONCLUSION: SOME NORMATIVE JUDGMENTS

The positive analysis proposed in this article can be summarized in the following manner. Global interactions in their present form feed invidious comparisons between countries and, more specifically, between the ruling political elites. Invidious comparisons contribute to the spread of modern institutions, but very selectively. Rulers interested in catch-up modernization have a tendency to import only those institutions that are congruent with the existing model of power relationships. They shift the constraints of their discretion onto other actors. In other words, an individual or a group in power transforms the constraints of power (Table 1) into constraints of reforms (Table 2). The major effective, *hard* constraint of reforms consists in the elective affinity between the two models of power relationships: those embodied in imported modern institutions and those embodied in traditional institutions. The *soft* constraint of reforms is derived from the requirement of institutional congruence between the elements of traditional and modern institutions other than power relationships: mental models, dispositions towards time and space, managerial practices, norms and conventions structuring everyday activities, and so on.

policy was shifted to a new institution in a new location’ (i.e., the old power is subjected to a strong external constraint; Olson, 1982: 121).

Table 1: Constraints of power

		<i>Internal</i>	
		<i>Hard</i> : civil society, free elections and the rule of law	<i>Soft</i> : free elections without strong civil society
<i>External</i>	<i>Hard</i> : submission to an external power	Catch-up modernization of a relatively backward country: successful if it relies on the strategy of empowering non-governmental actors (Germany after WWII)	Catch-up modernization of a backward country I: 'Imitative modernization', i.e. the reproduction of the institutional features of a country-model (the Baltic states)
	<i>Soft</i> : invidious comparison	Modernization in a country-leader (England, the US)	Catch-up modernization of a backward country II: 'Conservative modernization', i.e. the continuous reproduction of power relationships (Russia and most post-Soviet countries) [†]

Table 2: Institutional constraints of reforms (case [†])

		<i>Internal</i>	
		<i>Hard</i> : embeddedness in power relationships	<i>Soft</i> : embeddedness in mental models and social institutions taken as a constant
<i>External</i>	<i>Soft</i> : invidious comparison	<u>Necessary</u> condition: imported institutions must not in the final account change or corrupt self-justifying power	<u>Sufficient</u> condition: imported institutions must be congruent with the informal institutions existing in a society

The drawn picture suggests that there are two major ways to change the pattern of reforms in post-Soviet countries. Here, I must admit, the reasoning crosses the border of an essentially positive analysis. The cardinal condition for changing the path consists in hardening constraints, both external and internal, under which the state officials, as the key actors of modernization, act. The hardening of internal constraints requires adopting the strategy of empowering the actors which are independent of the state. Civil society in post-Soviet countries is too weak, even virtually non-existent, to count on its evolutionary bottom-up development.

A good sequence of reforms starts with the ‘impulses of power’ focused on waking up and empowering non-governmental actors. Free elections come later on and further strengthen non-governmental actors.⁴⁴ The emerging civil society limits the scope of power and diversifies its sources by creating a new public space. Legal reform – appropriate at this stage – will help civil society place effective limits on power and transform it into authority. The rule of law – the last element of complete democracy – is enforced as a result of this rather long process (the laws can be changed overnight; the actors able to enforce them grow up very slowly). A paradox arises in this connection. The rulers – if they are really interested in the success of modernization and committed to reforms – are supposed to place limits on their own discretion in the long run. It would be naïve to believe an opportunistic ruler’s commitment to reforms. One needs either to remove the assumption of opportunism (which is not realistic considering the incentives to opportunistic behavior created by invidious comparison and the heavy dependence on the ruler’s personality) or to look for the opportunities of hardening external constraints.

One of these opportunities has a purely economic nature. As mentioned in the introduction, the oil and natural gas revenues of the Russian Federation provide about 40% of the national government’s budget. Taking into account a heavy dependency of major Western countries on oil and gas supplies and the current overheating of the world market of hydrocarbons, external constraints of the countries involved in a process of catch-up modernization, which are well endowed with natural resources (Russia, Azerbaijan, Kazakhstan and Turkmenistan – among post-Soviet countries), will probably remain soft as long as the current conjuncture remains unchanged.⁴⁵ However, even if the changing economic conjuncture led to hardening external constraints, this would take the form of increasing dependence vis-à-vis the countries-leaders in the process of modernization and/or the international institutions reflecting their views. B. Badie uses the term ‘neo-colonialism’ to describe this process. As opposed to colonialism as the direct

44 A parallel can be drawn between, on the one hand, the proposed sequence of political reforms and, on the other hand, the discussions about an appropriate sequence of economic reforms. According to a program that have been finally implemented, liberalization (a free market as a counterpart of free elections) must come first, the policies of restructuring (a counterpart of the policy of empowering) – second. Nevertheless, several economists disagreed with this sequence of reforms and predicted their failure. They proposed quite the opposite: the creation of market infrastructure first and only then – the policies of liberalization and privatization. ‘Institutional changes favorable for the emergence of the market should have been realized *before* the start of privatization’ (Andreff, 2003: 233, emphasize added; see also Stiglitz, 1994: 134).

45 It is worth noting that one of the factors contributed to the start of reforms in the former Soviet Union in the second half of the 1980 (in the form of *perestroika* and *uskorenje*) consisted in a sharp decline of the world price of oil. It dropped by a half between 1979 and 1984 (see the dynamics at <http://www.oilnet.org/1opost.htm> accessed on Oct. 31, 2004).

control of territory, neo-colonialism implies the control of cultural, economic, religious, demographic or symbolic flows (Badie, 2000: 34-35). Is there another means for hardening external constraints without submitting to an external power?

The current organization of global interactions continues to rely on invidious comparisons, one of the driving forces of the national rulers' opportunism. There are no common and acceptable for any player references that could put an end to the self-sustainable process of invidious comparisons. At a national level, the self-sustainability of invidious comparison was seriously damaged in democratic countries by protecting basic human rights and a minimum level of human dignity (reflected in the title of Mr./Miss) of *any* citizen. The recognition of basic rights and human dignity seriously transforms a zero-sum game and moves it towards a non-zero-sum, win-win game.⁴⁶ 'Our everyday comparisons have the effect of transforming one person's gain into another's loss, even when nothing has been lost but relative standing' (Walzer, 1983: 254). No globally, internationally recognized title of honor is available so far. The human rights stated in the Universal Declaration of Human Rights (1948) cannot be easily enforced because international bodies such as the United Nations have much more limited jurisdiction than national governments. Furthermore, representative, directly elected international bodies simply do not exist at the global level.⁴⁷ 'At the heart of the international political economy, there is a vacuum, a vacuum not adequately filled by inter-governmental institutions or by a hegemonic power exercising leadership in the common interest' (Strange, 1996: 14).

Are there any incentives for the countries-leaders in invidious comparisons, above all the US⁴⁸, to change the current rules of the game and to take further steps towards a more democratized international community? It would require empowering interna-

46 In zero-sum games the gain of one player necessary means a loss of the other: $U_1(s_i, s_j) = -U_2(s_i, s_j)$, where U_i is the utility of the first player choosing the strategy i when the second chooses the strategy j . It is worth mentioning that there exists no Nash equilibrium in zero-sum games. Nash equilibrium is the situation where no player has interest in changing unilaterally his or her strategy.

		State B	
		To prepare for the war	To not prepare for the war
State A	To levy war on the State B	-1, 1	1, -1
	To not levy war on the State B	1, -1	-1, 1

47 The recent movement towards direct elections of Members of Parliament in the European Union is very significant in this perspective.

48 This means that the decisions made at the national level get a global dimension. On the other hand, these decisions are subject to a test of democratic 'validity' at the national, not the global, level. Actors in other countries are strongly affected by the political and economic decisions taken by the US government, but they have no chance of influencing them.

tional actors as the members of civil society on the international scale, electing international regulatory bodies and enforcing the rule of law (see, for example, *Democratizing the Global Economy*, 2004). At a first glance, they do not – for the same reasons as the rulers’ of the countries in the way to modernization have no interest in placing limits on their discretion. However, some current tendencies related to non-democratic globalization might have destabilizing effects on a middle- and long-term basis and, consequently, question the rulers’ well-being even in the countries-leaders.

The lack of universal and enforceable norms structuring global interactions produces a kind of negative convergence between countries. Negative convergence ‘selects only the severest problems of both systems, this implies *a priori* that efficient economic processes, institutions and regulations may yield degenerating results, and also *a priori* that mistaken processes, institutions and regulations may generate unexpectedly efficient outcomes’ (Andreff, 1992: 70-71; see also Andreff, 2003: 72-73). Invidious comparison leads to the imitation by the ruling elites in the West of the patterns of opportunistic behavior available to the rulers of the countries involved in catch-up modernization. The spread of such patterns can be observed in economic, social and political spheres.

Probably the most obvious example of negative convergence in the economic sphere consists in the spread of economic crime and economic ‘incivility’ both in post-Soviet countries and in the West (Andreff, 2003: 76). Certain degrading hiring practices (ranging from ‘flexible’ employment to moonlighting) may be considered illustrations of this. Convergence of social processes causes, among other phenomena, a sharp decline in the level of generalized, depersonalized trust. Francis Fukuyama goes so far as to argue that ‘a nation’s well-being... is conditioned by a single, pervasive cultural characteristics: the level of trust inherent in the society’ (Fukuyama, 1996: 7). Trust has important implications for economic (some economists speak in this respect of ‘social capital’ with trust as a major component⁴⁹) and political processes, besides purely social interactions. Hence, the recently observed convergence of the level of trust in the US and in Russia – in both cases it has been oscillating around 35% since the 1990s (Fukuyama, 1996: 310; Oleinik, 2003: 164) – must be viewed as a very disturbing sign. With respect to negative convergence in the political sphere, one can refer to placing emphasis on free elections even in advanced democratic countries. The issues related to the formal side of free and competitive elections overshadow the problems of empowering

49 ‘Social capital is the shared knowledge, understandings, norms, rules, and expectations about patterns of interactions that groups of individuals bring to a recurrent activity’ (Ostrom, 2000: 176).

the actors of civil society and their role in enforcing the rule of law.⁵⁰ Consequently, the credibility of the rulers' of countries-leaders in the eyes of their own electorate is at stake, as is the sustainability of socioeconomic development in these countries, which creates powerful incentives for the most far-sighted of them to change the rules of the global game by taking a decisive step towards the democratization of the global community.

50 The presidential elections in the US held in 2000 and, especially, in 2004 are a good illustration. A tight race gave rise to the use of the electoral campaign strategies that were previously unthinkable in an advanced democratic country (but seem quite natural in the countries that adopted a realist version of democracy): nasty attacks and the attempts to compromise the vis-à-vis (in Russia they are called 'black PR'); the disqualification of votes and voters; the focus on procedural issues instead of debating political programs, etc. (see Dean John W., 'The coming post-election chaos: A storm warning of things to come if the vote is as close as expected' // *FindLaw's Writ* <http://writ.coprporate.findlaw.com/scripts/printer_friendly.pl?page=/dean/20041022.html accessed on Oct. 24, 2004>; the author thanks Professor Meja Volker of Memorial University for suggesting this link).

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