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Politics versus Policy: Technocratic Traps of Post-Soviet Reforms

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Abstract. A number of policy reforms in post-Soviet countries and beyond have been conducted within the framework of the technocratic model. Policy proposals have been developed and to some extent implemented by certain teams of professionals appointed by legitimate political leaders. The leaders, in turn, have tended to monopolize policy adoption and evaluation and to insulate the substance of reforms from public opinion. This paper is devoted to a critical reassessment of the technocratic model of policy-making in the context of the post-Soviet changes of the 1990s–2010s. The main focus of the analysis is on the political and institutional constraints of policy-making resulting from the influence of interest groups and mechanisms of governance within the state apparatus. Poor quality of governance and rent-seeking aspirations of major actors create significant barriers for reforms, while insulation of policy-making, although beneficial for technocratic reformers themselves, has resulted in an increase to the social costs of reforms and distorted their substantive outcomes. In the conclusion, possibilities and opportunities for alternatives to the technocratic model are discussed.

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How does politics affect policy and vice versa and why are these two dimensions of political development so often at odds? Very often, power struggles, the essence of politics, inhibit efficient policies, and this is why numerous projects of policy reform are implemented only partially and/or in a distorted way, or result in unanticipated and undesired outcomes. There are many reasons for contradictions between politics and policy, from political business cycles, which put policy changes between elections into question, to ideational polarization of political actors, whose policy priorities differ widely, to inability to reach major policy agreements, which may block any changes or lead to policy decisions, which make the situation worse than the previous status-quo. Examples of the juxtaposition of politics and policy are numerous across countries and time periods. Thus, it is no wonder that many politicians, policy-makers, and experts around the globe can endorse the statement of a Russian economist and former minister of economic development:

“The main question of every evolution is constraining political power: how to provide competent decision-making, which will depend upon knowledge and experience but not upon voting results, and how to achieve a “regime of non-interference” of politics in other spheres of public life” (Ulyukaev, 1995: 8).

In fact, a “regime of non-interference”, if and when it is achieved in those political and institutional contexts where policy decision-making does not depend upon voting results, has seldom brought positive effects from the perspective of quality of adoption and implementation of decisions. To a large degree, this disjunction is acute for authoritarian regimes, where voting results do not directly affect possession and expression of political power (Svolik, 2012). Yet success stories of policy reforms in authoritarian regimes are relatively rare (Olson, 1993; Wintrobe, 1998; Rodrik, 2010). Moreover, authoritarian leaders sometimes have a vested interest in the inefficiency of their own policy, since it may be used as a mechanism for maximizing political power—the “bad policy as good politics” paradox (Bueno de Mesquita, Smith, 2011). That said, many autocrats are sincere proponents of efficient policies aimed at rapid and sustainable economic growth and socio-economic development of their respective states. In democracies, politicians may also attempt to insulate policy from politics (Geddes, 1994) but the results of reforms in various policy areas are not always in line with the expectations of supporters of the “regime of non-interference”.

The unavoidable and irreconcilable contradiction between politics and policy, widely discussed in the literature (Easterly, 2014), has often stimulated searches for mechanisms to improve the quality of policy, intended to limit its dependence on the directions being taken by politics. Following Easterly, I will label these mechanisms as technocratic—as opposed to political mechanisms, which imply that decision-making in both politics and policy arenas is conducted by the same legitimate actors. The goal of this paper is to analyze the opportunities and constraints inherent to technocratic mechanisms of governance in terms of policy-making and policy reforms in post-Soviet Russia and certain other Eurasian states. This region has served and continues to serve as a laboratory, so to speak, which tests varieties of transformations in different arenas of economic and state governance over the last quarter-century. These transformations have occurred against the background of regime changes from electoral democracies to electoral authoritarianisms (Gel'man, 2015; Hale, 2015; Way, 2015). They have resulted in a variety of outcomes in different countries (Frye, 2010; Zaostrovtssev, 2017) and in reforms in various policy areas (Appel, 2011; Alexeev, Weber, 2013). As to the dynamics of interconnections between politics and policy, these have been significantly inconsistent. In Russia, in the 1990s competitive and polarized politics were at odds with market reform policy, and were widely perceived as a hindrance to economic transformation (Shleifer, Treisman, 2000; Frye, 2010). Conversely, in the 2000s, some policy advancements were achieved at the expense of degradation of politics (Aslund, 2007). The insulation of policy changes from politics has not always led to success (Gel'man, Starodubtsev, 2016), and certain policy outcomes paved the way for the rise of authoritarian tendencies (Grigoriev, Dekalchuk, 2017). In Georgia during the reign of Saakashvili the drive of the political leadership towards building a broad reform-oriented coalition contributed to some policy successes, but some of these reforms were later curtailed (Fedorin, 2015; Bolkvadze, 2017). In Ukraine, policy changes became hostage to turbulent political conflicts, and under the conditions of “neopatrimonial democracy” (Fisun, 2015) reforms were inconsistent and brought mixed results at best during the entire post-Soviet period—illustrating the inherent weaknesses of the political mechanisms for governing the state.

Explaining why following technocratic recipes has brought certain policy successes in some cases and not others requires an in-depth analysis of technocratic mechanisms for governing states, one which will reveal the opportunities and constraints inherent to technocratic policy reforms. The argument of this paper is that, given the key role of rent-seeking as the ultimate goal and substantive purpose of governing post-Soviet states, attempts at major policy reform and improvement of quality of governance through the use of technocratic mechanisms meet major resistance from interest groups and parts of the bureaucracy (who often unite their

efforts in informal coalitions). At the same time, the “regime of non-interference” has left little room for the emergence of broad and sustainable pro-reform coalitions. This is why the personal priorities of political leadership have become the major, if not the only, source of policy reforms. Yet they are often insufficient for successful achievement of the goals of policy changes, and can even turn into an obstacle to these reforms. The post-Soviet experience of policy changes in the 1990s–2010s has demonstrated the range of vicissitudes faced by the technocratic model of policy reforms in unfavorable political and institutional environments.

The structure of the paper is as follows. After theoretical considerations regarding mechanisms of interaction between politicians, bureaucrats, and technocratic policy reformers, I present an overview of some policy reforms in the region and their implementation during the 1990s–2010s within the framework of analysis of the “regime of non-interference” by politics in policy. Possibilities and opportunities for realist alternatives to the technocratic model of policy-making are discussed in the conclusion.

The Technocratic Trap: Dictators, Viziers, and Eunuchs

Technocratic policy reforms are deeply embedded in the global history. Most policy changes, both successful and unsuccessful, were conducted in various states and nations within the framework of a technocratic model of policy-making. Legitimate political leaders exerted control over politics, and due to domestic and international challenges opted for policy reforms intended to reduce costs and increase benefits, both for their countries and for themselves. But since policy reforms require professional skills and expertise, while their results are unpredictable by definition, it is no wonder that the role of reformers is delegated to those officials and/or professionals who (1) have certain specialized competences and (2) may be blamed for policy failures in case of undesirable outcomes. In fact, policy reformers in various areas are similar to company managers hired by the owners (in this case, political leaders) to accomplish strictly defined tasks. With that said, they enjoy a degree of autonomy in their respective areas and are accountable only to their bosses. Political leaders, in turn, benefit from a monopoly on decision-making and policy evaluation, and, therefore, are able to insulate the substance of the reforms from public opinion and, to some extent, from interest groups. Many historical reformers fit this description, ranging from Colbert and Turgot in absolutist France to Witte and Stolypin in Tsarist Russia, and from the “Chicago Boys” in Chile under Pinochet to the Opus Dei technocrats during the last decades of Francoist Spain.

At first sight, this institutional design facilitates the autonomy of technocratic policy-making from politics in both democracies and non-democracies (even though the nature of

politics in these regimes is different). However, it leads to aggravation of principal-agent problems, and their scope increases with the scale of policy changes. Political leaders are unable to judge the credibility of policy proposals and the quality of their implementation. At best, feedback on policy outcomes reaches the top of the power hierarchy too late (or, conversely, too early in the case of reforms which may bring fruits only in the long haul). At worst, especially in authoritarian regimes (Svolik, 2012), this feedback may be heavily distorted and contribute to poor political decisions. Asymmetric relationships between political leaders and technocratic reformers are similar to those between company stakeholders and managers: their interests and incentives differ hugely by definition. The alternative to the technocratic model of policy-making is the political model, which implies that legitimate political leaders and/or parties themselves develop and approve major policy decisions (though these decisions are often based on external expertise) and bear political responsibility for policy outcomes, thus being unable to shift the blame onto technocratic reformers.²

However, the mode of interaction between political leaders and technocratic reformers is more vulnerable in terms of principal-agent relations: policy-makers concentrate the power resources involved in their own hands, and those resources can be used (or, rather, abused) for political purposes. Unlike top managers of companies, who cannot overthrow the stakeholders who hired them, top-level technocrats may not only change sides and join the ranks of their political leaders' rivals, but even transform from policy-makers to politicians and take power for themselves. These risks increase alongside challenges to the political status quo (regardless of policy outcomes), thus raising tensions between political leaders and technocratic policy reformers. Successful and capable technocrats may be even more dangerous for political leaders than their unsuccessful and incapable colleagues, especially in authoritarian settings where power losses and regime changes usually result from intra-elite conflicts and breakdowns of informal ruling coalitions (Bueno de Mesquita, Smith, 2011; Svolik, 2012). This is why political leaders are often tempted to prioritize the loyalty of technocratic policy-makers over their competence. As Egorov and Sonin convincingly demonstrate, the weakening of autocrats' positions contributes to the replacement of efficient technocrats ("viziers") with loyal yet inefficient ones, thus decreasing the quality of policy-making (Egorov, Sonin, 2011).

Although examples of betrayal of political leaders by their competent yet disloyal "viziers" are not so rare, including in post-Soviet Eurasia (the cases of the former Ukrainian PM Yushchenko or the former Georgian minister of justice Saakashvili are most telling), this particular path of transformation of principal-agent problems is relatively uncommon.

² There are numerous intermediate forms of interaction between politics and policy-making but their analysis lies beyond the scope of this paper.

Nevertheless, political leaders employ various techniques in order to prevent the disloyalty of technocratic policy-makers without damaging their policy efficiency. In addition to oversight and monitoring of technocrats in order to reduce information costs, they also promote internal competition between state agencies and informal cliques within the state apparatus, and at times constrain technocrats' freedom of decision-making so that some policies face a formal and/or informal veto from political leaders (these options are not mutually exclusive but rather complementary). The windows of opportunity for technocrats regarding policy changes are limited both in terms of the policy areas they are granted access to and in terms of the scope of their influence on policy outcomes. The weakest link here is not the development of plans and programs of reform but their implementation by the state apparatus, which is usually not controlled by the technocrats, and which has little or no incentive for policy reforms regardless of their content. If the quality of the state apparatus is poor, then the technocrats' chances of successfully implementing their plans and programs (even when their hands are completely untied in conducting policy reforms) are slim. Therefore, technocrats limit themselves to partial solutions, diminishing the scope and domains of policy reforms to those specifically protected by political leaders, who may grant their patronage to these changes for various reasons. These solutions, known as "pockets of efficiency" (Geddes, 1994) or "pockets of effectiveness" (Roll, 2014), are less risky in terms of disloyalty of technocratic reformers, but the benefits of the resulting policy advancements for political leaders and their respective countries are also far from obvious.

However, the most important challenge for technocratic policy reforms lies not along the lines of conflict between political leaders and policy reformers, and is not even related to the resistance of the bureaucracy to policy changes (whether open or concealed), but arises from the policy influence of interest groups operating both within and outside the state apparatus. The gap between politics and policy-making opens a window of opportunity for "distributional coalitions" (Olson, 1982) and numerous rent-seekers, whereas technocrats' opportunities to build efficient informal (let alone formal) pro-reform coalitions are markedly limited. The struggle between technocratic policy reformers and rent-seekers over policy decisions was at the heart of the turbulent post-Soviet changes in the 1990s and the 2000s (Shleifer, Treisman, 2000; Aslund, 2007). However, the subordinated status of technocrats makes them vulnerable in terms of politics. Within the framework of the political model, politicians and/or parties may use the popular mandate to launch policy reforms in at least the early stages of political business cycles. Meanwhile, under the conditions of the technocratic model, these opportunities can disappear at any moment if rent-seekers become more influential in behind-the-scenes lobbying and/or if opponents of the reforms successfully establish coalitions of potential losers of the policy

changes (Olson, 1982; Przeworski, 1991). Although insulation of reformers from these influences may reduce the risk of policy changes being curtailed, it also reduces the political support available to technocrats and may provoke them into tacit alliances and compromises with rent-seekers (Hellman, 1998). In essence, technocratic reformers can reach success only when their plans coincide with the priorities and preferences of political leaders. This is why the major political resource of technocrats is their ability to sell policy recipes to political leaders using bright covers and attractive labels whenever those leaders are willing to buy their proposals. This venture is questionable to say the least, and it comes as no surprise when the reforms become unsustainable, and are ultimately distorted, emasculated, or revised—and not always because of the outcomes of the actual policy. Moreover, policy failures do not so much bury technocrats' reform plans as such but diminish the chances of their implementation by the same teams of reformers.

The combination of negative features that shapes the technocratic model of policy-making is as follows: (1) aggravation of principal-agent problems; (2) risks of disloyalty and attempts at their evasion; (3) limited resources and powers of technocrats against the background of (4) resistance from interest groups and (5) limited opportunities for pro-reform policy coalitions. These factors make technocratic reforms unreliable and unsustainable. Under these conditions, technocrats may fall into the trap where their overall role in policy-making diminishes over time, yet they have few opportunities to advance major changes while they still can. Zones where positive changes are possible are reduced to a limited number of “pockets of efficiency”, with unfavorable odds of extending them to other policy areas, while the technocrats' discretion is limited to the development of policy programs in the form of advice and consultation, without power over the adoption of key policy decisions or control over their implementation. To put it bluntly, if “viziers” remain loyal to political leaders, but lacking major leverages of influence, they may become “eunuchs” of a sort. They maintain a formally high status, which in fact serves as a reward for loyalty, and only camouflages their inability to exert meaningful influence on policy-making, let alone politics, in their states.

These flaws and limitations of the technocratic model are universal, and not related to particular countries or historical periods. However, in post-Soviet Eurasia they are aggravated by the politico-economic order of bad governance that emerged and strengthened in the post-Soviet decades (Gel'man, 2016, 2017). State capture by rent-seekers (Hellman, 1998) in these countries occurs not only from outside (by big businesses) but mostly from within, by the politicians and officials who constitute the core of the informal ruling coalition (Bueno de Mesquita, Smith, 2011). These factors are inescapable and push political leaders, even if they opt for policy reforms, to concentrate their efforts on a narrow front of top-priority reform projects at best, and

pay less attention to policy changes in other areas. In the worst cases, they are tempted to revise their priorities and to sacrifice reforms to the benefit of the coalition of bureaucrats and rent-seekers. In addition, the dependence of political leaders in post-Soviet Eurasia on “regime cycles” (Hale, 2015) places priority on those policy changes which may bring relatively quick positive outcomes, while long-term plans remain on paper. Due to these factors, even if technocratic reformers enjoy full support from political leaders and overcome resistance from rent-seekers, they are limited in the time and scope of their plans, and are often convinced that their cause is hopeless from the very beginning. Policy programs are often subject to self-censorship even at the planning stage (Gel'man, 2016), while the implementation of some reforms becomes filled with bureaucratic tricks, unworkable administrative compromises, and the rejection of key elements (Dekalchuk, 2017; Starodubtsev, 2017).

One should note that ongoing discussions on policy reforms in post-Soviet Eurasia and beyond usually revolve around two major topics. The first is based on perception of policy changes as an ideationally driven process affected by the “wrong” policy views. Left-wing observers tend to consider post-Communist reforms as an instance of a global neoliberal conspiracy aiming to abolish welfare elsewhere. Their opponents, in turn, blame the “tyranny of experts” who offer policy recipes inappropriate to certain countries and regions (Easterly, 2014), resulting in unrealistic policies which will fail eventually. In essence, the role of ideas in politics and policy-making in post-Soviet Eurasia is secondary vis-à-vis the interests and resources of major actors (Hanson, 2010; Hale, 2015), and even neoliberal policies in post-Communist states are not a by-product of ideologies but reflect a constellation of interest groups (Appel, Orenstein, 2013). In other words, welfare spending and taxation rates in these countries reduces not because of the ideational preferences of technocrats but because their governments cannot resist the demands of powerful business actors, while meeting with weak protests from labor unions or other representatives of social interests. The second topic is related to widespread perceptions of post-Soviet policy reforms as a mechanism for privatization of gains and socialization of losses—in this respect, technocratic reformers are almost exclusively portrayed as corrupt agents of certain interest groups and rent-seekers. Although the story of post-Soviet privatization of state enterprises and especially of loans-for-shares deals is full of evidence for these arguments (Freeland, 2000, Hoffman, 2002), it would be misleading to consider theft of the state as a major goal of post-Soviet policy changes. At least at the level of policy plans and programs the goals declared were of economic growth and social development, even though the policy outcomes were often quite different from initial intentions. However, the task of researchers is not to blame technocratic reformers yet again but to explain the causes and mechanisms of their successes and failures.

How does the technocratic model of policy reform really work in general and in post-Soviet Eurasia in particular? Why does it survive regime changes, merely adjusting to changing circumstances? Why do technocratic policy reforms bring success in some cases but result in failure in others? How sustainable is the technocratic model and to what extent do political models present acceptable and realistic alternatives? These are some of the issues explored and highlighted by this paper.

The Origins and Substance of Post-Soviet Technocracy

In May 1992, two post-Communist reformers—Czech prime minister Vaclav Klaus and Russian first deputy prime minister Yegor Gaidar—met in a beerhouse in Prague. According to Gaidar, their discussions about economic policy soon evolved into a heated debate on the politics of transition (Gaidar, 1999: 259). Klaus suggested that Gaidar and his team should not limit themselves to policy recommendations but become independent political actors who had to build their political bases of support, compete for political power, establish political parties, and participate in elections. Otherwise, Klaus warned, policy reforms in Russia could be reversed and lead to undesired outcomes. Gaidar, however, was skeptical of Klaus's recommendations and followed them only partially and inconsistently. None of his pro-reform parties—Russia's Choice in the 1993 parliamentary elections, Democratic Choice of Russia in 1995, and Union of Right Forces in 1999—acted independently of the political leadership; rather, they claimed to serve as junior partners in the informal ruling coalition and rarely demonstrated political autonomy from the Kremlin. No wonder that after 2003, when the Kremlin did not need these allies any longer, the Union of Right Forces soon left the political arena and lost influence in Russian politics (Gel'man, 2005). Overall, Gaidar and the other policy reformers of the 1990s served as "viziers" who acted under Yeltsin's patronage and did not attempt to play an independent role in politics (Gaidar, 1999; Aslund, 2007; Gilman, 2010; Aven, Kokh, 2015). Similar tendencies were observed in the 2000s, when technocratic reformers were at the forefront of policy-making in Russia but accepted the Kremlin-imposed formal and informal rules of the game in politics as given facts rather than objecting to these conditions (Pismennaya, 2013; Gel'man, Starodubtsev, 2016). In the 2010s, technocratic reformers in Russia continued to serve as "viziers", despite the dramatic shrinking of their room for maneuver in terms of policy-making. Yet many analyses of policy reforms in Russia and beyond disregard the impact of politics as a key factor in the success and failure of policy changes (Dmitriev, 2016).

Of course, it would be unfair to explain the greater success of the economic reforms in the Czech Republic compared to Russia's policy troubles in the 1990s (for a detailed account,

see Appel, 2004) only through the relationship between policy and politics in both countries: their initial conditions and structural problems were also very different (Gaidar, 1999: 259). Moreover, Russia in the 1990s was heavily polarized in terms of politics, and also experienced numerous intra-elite conflicts against the background of a weakening state after the Soviet collapse. These developments left little room for conducting consistent policies, a number of reforms were compromised (Shleifer, Treisman, 2000), and the decision-making process was very chaotic (Gilman, 2010). Even if Russian policy reformers in the 1990s had not restricted themselves to the role of “viziers” but attempted to themselves set the political agenda, their efforts might have been even less successful in terms of policy outcomes. At best, Russia would have followed a path of “polarized democracy” similar to Bulgaria’s, where policy was inconsistent and inefficient amid several changes of government (Frye, 2010: Chapter 8). At worst, a possible defeat of the reformers in the political arena could have aggravated the negative consequences of bad policies similar to those conducted by the Soviet leadership before the collapse of the Soviet Union (Aslund, 2007; Gaidar, 2007), thus making the situation in Russia even more chaotic. The technocratic reformers’ strategic choice of the role of “viziers” brought certain short-term benefits for policy changes in the 1990s and 2000s (Shleifer, Treisman, 2000; Gel’man, Starodubtsev, 2016). However, over time, this choice resulted in an increase in social costs for Russia in terms of both politics and policy-making.

What caused the turn of policy-making towards technocracy in the states of post-Soviet Eurasia, which emerged in the 1990s from the ruins of the Soviet system? There is great continuity with the Soviet model, where the division of labor in terms of politics and policy was highly institutionalized. While the Central Committee of the Communist Party established major political guidelines, the Council of Ministers under its control was in charge of policy development, and implementation of policies in various areas was allocated to respective ministries and agencies (Hough, Fainsod, 1979). The decision-making process was non-transparent but also affected by the influence of competing interest groups (Skilling, Griffith, 1971; Gaidar, 2007) with little reliance on external expertise. Technocracy in the Soviet Union presupposed that policy alternatives were rarely discussed at the planning and development stages. At best, intellectuals served as “viziers” for preparing certain policy documents only by invitation, and their impact on the adoption and implementation of major decisions was close to zero (Cherniaev, 2009). In many ways, post-Soviet policy reformers followed the paths of their Soviet predecessors. At the same time, the institutional design for governing post-Soviet states that emerged in the 1990s in Russia and some other countries demonstrated great continuity with the Soviet model. Presidents and their administrations maintained control over politics, while governments and their respective ministries and agencies were accountable to political leaders

for conducting policies (Huskey, 1999; Shevchenko, 2004). The Soviet model, in turn, resembled a similar pattern of interactions between politics and policy-making in imperial Russia, where the monarch and his court defined major directions of politics, while governments and ministries, accountable before the monarch, remained in charge of policy-making.

The post-Soviet technocratic reformers in Russia were very pragmatic and rather skeptical toward democratic procedures (Gel'man, Travin, 2017). Their skepticism was fueled by the experience of Gorbachev's perestroika, when politics deeply affected policy-making after major liberalization of the Soviet system. Instead of the emergence of a political model, these developments greatly contributed to the economic crisis and the subsequent collapse of the Soviet state (Gaidar, 2007). Among the reformers themselves, democratization was perceived as a source of risks stemming from populist policies, and as an obstacle to market reforms (Zhestkim kursom, 1990), while the insulation of government from public opinion and the patronage of a strong leader were considered preconditions for effective policy changes (Aven, Kokh, 2015). Due to the major economic crisis and chaotic breakup of the Soviet Union, opportunities for the adoption of a political model were missed. In October 1991, the Russian parliament delegated extraordinary powers to Boris Yeltsin, who established unilateral control over government formation and policy-making, and this decision was enthusiastically approved at that time by Russia's political elite and by public opinion. This move paved the way for further institutionalization of the technocratic model, and the 1993 conflict between Yeltsin and the Russian parliament, when the latter lost in a zero-sum manner (Gel'man, 2015), eliminated opportunities for possible revision of this model. In some other post-Soviet countries, ranging from Ukraine to Kazakhstan, the technocratic model emerged by default without any alternatives under the auspices of "patronal presidentialism" (Hale, 2015)—without the Communist party but often with the same people in charge.

The technocratic model of policy reforms in Russia and other post-Soviet countries faced numerous problems related to the notorious inefficiency of the state apparatus and the policy influence of interest groups. The technocratic model presupposes that politics, with its formal actors and institutions, which may affect policy-making (namely voters, parties, and legislatures), should be banished from the policy arena. Yet politics affects policy-making due to the rise of informal actors—oligarchs, cronies, friends, and followers of political leaders, whose policy influence was often much greater than those of formal actors. In the 1990s, the influence of interest groups on policy-making was a side effect of the major decline of state capacity in post-Soviet countries, "growing pains", so to speak, of the construction of new states and economies (though in Ukraine and Moldova these "growing pains" extended up until the 2010s). However, in the 2000s this process became an indispensable part of post-Soviet bad governance

(Gel'man, 2017) and transformed into a chronic disease. The increasingly rent-seeking manner in which post-Soviet states were governed discouraged policy reforms and reduced them to optional items on the policy agenda.

Meanwhile, a full-fledged insulation of policy-making from politics was unavailable in many instances: the technocratic model had little chance of realization in a “pure” form. At minimum, political leaders considered public support to be an important factor in the preservation of their power, thus making politics matter for policy. To a great degree, public opinion was a function of mass evaluations of policy performance (Rose et al., 2011; Treisman, 2011), and despite certain incentives for policy reforms in given areas, it generated short-term risks of declining public support for political leaders due to the social costs of unpopular measures. Even relatively minor bumps on the road, such as the poorly conducted monetization of social benefits in Russia which caused the wave of public protests in 2005 (Wengle, Rasell, 2008), resulted in postponement of policy reforms in various areas, and the very notion of “reform” became taboo in Russian political discourse (Pismennaya, 2013). Moreover, in post-Soviet electoral authoritarian regimes (Levitsky, Way, 2010; Gel'man, 2015), political leaders feared loss of power because of the inherent risks of “regime cycles” (Hale, 2015). These factors provided political leaders with incentives for the extensive use of state apparatus for political purposes, ranging from delivery of votes for desirable election results to distributing influential posts and rents among allies in informal ruling coalitions. This is why barriers to policy reforms became almost indispensable: at best, these reforms hit a certain “saturation point”, after which further advancement of policy changes ceased to be possible (Bolkvadze, 2017).

As a result, post-Soviet technocratic reformers found themselves between a rock and a hard place. On the one hand, political leaders and public opinion expected policy successes; on the other, their policy plans met fierce resistance from interest groups and the state apparatus. This situation contributed to privatization of gains and nationalization of costs: the costs of policy changes were imposed on society as a whole, while oligarchs (Hellman, 1998; Hoffman, 2002) and/or rent-seeking cronies of political leaders became the main beneficiaries (Aslund, 2007; Gel'man, 2016). Technocratic reformers, even if they were able to implement their plans, rarely benefited from these policies themselves, but were criticized from every corner, and their achievements could be revised due to political circumstances (Aven, Kokh, 2015; Fedorin, 2015). Still, the needs of social and economic development in post-Soviet countries maintained demand for the presence of technocratic reformers in state ministries and agencies, and called for more plans for policy changes. Yet the scope of this demand declined over time, and the “supply” of reforms became increasingly unwanted. According to an analysis by the Liberal Mission Foundation, the “Strategy 2010” program of socio-economic policy reforms, developed

by technocrats and approved by the Russian government in 2000, was less than 50% implemented (Rogov, 2010). A similar policy program, “Strategy 2020”, to some extent developed by the same policy teams in the early 2010s (and following on from its predecessor’s policy proposals), was curtailed and less than 30% of its plans were implemented (Dmitriev, 2016). In light of this experience, the fate of new policy programs seems uncertain to say the least.

However, one should not infer that the technocratic model of policy-making, which emerged in post-Soviet Eurasia after the end of Communism, has been exhausted. On the contrary, it seems that the technocratic model finds no alternatives even in those post-Soviet countries, which experienced major regime changes in the 2000s and 2010s, such as Ukraine or Georgia (Fedorin, 2015; Bolkvadze, 2017). The key asset of post-Soviet technocrats is their (often very successful) professional expertise, especially in complex and technically difficult areas such as tax policies (Appel, 2011) or the banking sector (Johnson, 2016), where political leaders cannot govern without reliance upon qualified professionals. In essence, politicians want to avoid major crises in the governance of their respective countries and seek foolproof approaches at least to economy and finance. In addition, the participation of technocrats in informal ruling coalitions may increase the sustainability of regimes: it allows political leaders to use divide-and-rule tactics vis-à-vis their junior partners (Bueno de Mesquita, Smith, 2011) and reward successful technocrats who combine both loyalty and competence. The involvement of technocrats in policy decision-making is considered by economic agents (including international businesses) to be a possible barrier against the expropriation of their assets by rent-seeking bureaucrats (the “piranha effect”) (Markus, 2015) and against arbitrary changes in the rules of the game. Thus, the promotion of reforms or even the maintenance of the status-quo by technocrats serves the legitimation of the politico-economic order and brings benefits to political leaders, and sometimes to the technocrats themselves. At the same time, political leaders, who may be genuinely interested in policy success, can blame technocrats for undesired costs and unintended consequences of reforms, while positive results of policy changes may open up new opportunities for rent-seekers and increase the aggregate profits of the members of the informal ruling coalitions (Gel’man, 2017). Even the potential replacement of competent technocrats with loyal yet incompetent ones (if and when it occurs), does not mean inevitable revision of the technocratic model as such, even though the quality of policy-making may decrease. This is why one must turn from a normative critique of the technocratic model of policy-making (Easterly, 2014) to its positive analysis: how it really works and why its political and policy effects are so diverse and often contradictory in post-Soviet Eurasia and beyond.

Technocracy at Work: Policy Reforms in the Crossfire

For policy reformers, there is seemingly no task more daunting than conducting major changes within the framework of the political model of policy-making. They face opposition from public opinion, the parliamentary opposition, social movements, media and interest groups. One can imagine what might happen if major policy changes such as the introduction of the Unified State Exam (EGE)³ in Russia (Starodubtsev, 2017) were advanced by a government politically accountable before a legislature elected via free and fair contest. In that event, a coalition of angry parents, dissatisfied educational bureaucrats, teachers and rectors of most universities would not allow the reformist minister of education to propose the draft bill on the EGE to the parliament, and opposition parties could block the proposal during floor discussions and/or attempt to revise it after the next elections. At best, this reform would be protracted, postponed, and implemented in a different format than initially developed; at worst, it could be completely buried.

Within the framework of the technocratic model, the introduction of the EGE occurred under a completely different scenario. Anticipating huge resistance from opponents of the reform, the Ministry of Education co-opted them into the group in charge of developing the National Education Doctrine (a false target, initially proposed in order to generate clamor without any real policy impact). At the same time, it pursued a creeping introduction of the EGE under the label of an “experiment”, which set its scope to seven years. When the “experiment” became so widespread that almost all school graduates were required to pass the EGE, the legal codification of this already parliament-adopted decision become inevitable. However, the initial ideas, which proposed linking EGE results with the amount of state funding of university fees via individual state financial obligations (GIFO), were sacrificed along the way. The rejection of the GIFO was an element of the deal between technocratic reformers and MPs, in return for pledging loyalty to the EGE; in addition, the reformers themselves had little interest in introducing GIFO, it being a technically complicated venture (Gel'man, Starodubtsev, 2016; Starodubtsev, 2017).

At first sight, this policy outcome could be regarded as a success story for the technocratic reformers: using bureaucratic tricks and administrative maneuvering, they overcame the resistance of various interest groups and the public, and implemented their project. Yet the EGE faced problems due to the inappropriate incentives of the sub-national bureaucracy. EGE

³ EGE is a mechanism for assessment of high school graduates via independent anonymous nationwide tests, also used as an entrance exam for universities (Starodubtsev, 2017)

results in the regions counted toward evaluation of the performance of regional governors, thus tempting them to achieve better EGE numbers at any cost, including leakage of tests and blatant fraud. However, later on evaluation rules were changed, and as EGE results became more or less objective, the exam's introduction became irreversible. While the educational mobility of students increased, corruption in school exams declined and university entrance exams were eliminated, major side effects became visible later on. The content and meaning of the EGE degraded over time as the pressure of interest groups such as educational administrators and university managers resulted in fundamental changes. First, anonymous testing was gradually replaced by other mechanisms of evaluation, oriented toward the subjective judgments of teachers, and more vulnerable in terms of corruption. Second, EGE certificates, initially available for applications to various universities (such that the best school graduates could choose among them), were used for admission to only one college chosen by graduates (Chernykh, 2016). At the end of 2016, the new minister of education announced that all Russian universities would regain the right to introduce extra entrance exams in addition to the EGE, thus greatly diminishing its value. Since many Russians perceived the EGE negatively, and its legitimacy was dubious (Starodubtsev, 2017), the revision of the reform and the rejection of its achievements met with no serious resistance.

Which is a better solution in terms of policy outcomes? (1) A long preparatory period for the reform, which involves public discussion, mutual adjustment of major stakeholders' positions, step-by-step implementation and further embedding or (2) quick imposition of the reform in the format of a secret operation, bypassing key actors and public opinion, followed by further revisions and ultimate emasculation? Answering these questions requires an in-depth analysis of policy changes in comparative perspective, which lies beyond the scope of this paper. But in the context of post-Soviet Eurasia, a number of policy reforms combined the worst features of options (1) and (2), and also involved appeasement and cooptation of stakeholders on the one hand (Shleifer, Treisman, 2000) and privatization of gains and socialization of losses on the other. In such cases, tactical selective appeasement of stakeholders may give rise to a strategy for policy change where buying the loyalty of veto players may turn from a means to an end of technocratic reforms. In that event, not only will policy outcomes become imperfect but the very legitimacy of the reforms will come under question. The fate of large-scale privatization of state enterprises in Russia in the 1990s is instructive. Privatization was accompanied by the cooptation of "red directors" in exchange for their loyalty and the use of special conditions for privatization of the most attractive assets through loans-for-shares deals, which contributed to the transfer of property rights to a limited number of oligarchs closely linked with political leaders (Hellman, 1998; Shleifer, Treisman, 2000; Freeland, 2000; Hoffman, 2002). Although in economic terms

this reform was relatively successful and many privatized enterprises performed much better than state-owned companies (Guriev, Rachinsky, 2005; Adachi, 2010; Treisman, 2010), the legitimacy of privatization in Russia in the eyes of the mass public was much lower vis-à-vis other post-Communist states. A large share of Russians endorsed *en masse* revision of privatization deals (Denisova et al., 2009). No wonder that the counter-reform promoted by the Russian state in the 2000s, the creeping nationalization of assets of privatized and private-owned enterprises (“business capture”) (Yakovlev, 2006), was deemed much more legitimate than privatization, and reversed the reforms of the 1990s to a great degree. According to the data of the Russian Federal Anti-Monopoly Service, by the end of 2016 the Russian state controlled over 70% of all assets in the country’s economy (Leiva, 2016).

Thus, reformers who pursue policy changes within the framework of the technocratic model of policy-making, are caught in the crossfire of two extreme options. If they try to satisfy powerful interest groups and propose far-reaching compromises for the sake of their cooptation, these compromises may turn out to be so ineffective that the reforms do not achieve their goals (Dekalchuk, 2017). However, should the reformers outwit their opponents in the run-up to the adoption and implementation of policy programs and successfully push through their proposals, the policy changes will not be irreversible. They will potentially be easily undone by counter-reforms initiated by interest groups, who may restore the situation to the previous “point of departure” or even make it worse than the original status-quo (Fedorin, 2015). This is why technocratic reformers often cannot limit themselves to policy-making; they have to rely upon political support not only from parties and/or public opinion but primarily from political leaders. Indeed, political leaders may be interested in successful policy reforms if these strengthen their powers and/or increase their public support. In such cases, the leaders may lead informal pro-reform policy coalitions, whether broad or narrow in nature—the administrative reform in Georgia under Saakashvili (Bolkvadze, 2017) and the recentralization of state governance in Russia in the early 2000s (Gel’man, 2009) may serve as prime examples.

However, political leaders’ support for technocratic reforms is not a guarantee of policy success: even if this condition is necessary, it is not sufficient. First, leadership changes may put previous policy priorities into question (as happened in Russia with technological “modernization”, which was set as a top policy priority during Medvedev’s presidency). Although building broad pro-reform coalitions may reduce these risks to some extent—for example, the policy reforms in Georgia were not forgotten after the end of Saakashvili’s presidency (Fedorin, 2015; Bolkvadze, 2017)—it cannot make them disappear. Moreover, if the personal stances of political leaders shift for one reason or another, then policy priorities can even change in the opposite direction. For example, the move by Russia’s rulers from economic

development goals to geopolitical adventures after the annexation of Crimea in 2014 (Appel, Gel'man, 2015) put Russian technocratic reformers into a semi-peripheral position in terms of policy priorities, which had been changed by Putin almost overnight. However, even if political leaders sincerely support policy reforms over a long period of time, their list of top policy priorities is inherently limited. While they concentrate on supporting several major policy changes, the rest of the items on the policy agenda will remain of secondary importance. The other side of the coin in the success story of tax reform in Russia in the early 2000s, actively backed by Putin (Appel, 2011; Gel'man, Starodubtsev, 2016), was the failure or at least limited advancement of several other policy reforms (Rogov, 2010).

The support of political leaders is vitally important for technocrats because it gives them leverage for overcoming resistance to policy reforms by powerful interest groups. Sometimes, even this support is not enough; strong and embedded interest groups can divert policy changes in a different direction. This is what happened with police reform in Russia in the early 2010s: despite open and loud public discussion (or perhaps courtesy of this discussion) the outcome of the reform was essentially limited to window dressing and the reshuffling of some personnel (Taylor, 2014). And even if political leaders reduce interest groups' resistance to policy changes, technocrats are rarely able to impose control over the bureaucrats in charge of policy implementation—especially if these policies require interaction effective coordination of various agencies (Gel'man, Starodubtsev, 2016). It is not by chance that while the ministries of finance and the central banks of post-Soviet states were able to conduct successful macroeconomic policies, target inflation and implement tax reforms (Appel, 2011; Johnson, 2016), welfare policies in Russia were conducted in “muddling through” mode and/or merely redistributed federal state subsidies (Wengle, Rasell, 2008; Kulmala et al., 2014). The major difference was that governing state finance and reforms in this area depended on decisions made by a narrow circle of technocrats, and their formal and informal coordination enabled prudent policies, whereas welfare policies required complex coordination not of several persons but of various state agencies on both national and subnational levels. Given the poor quality of the bureaucracy and weak incentives for reforms, it was exceedingly difficult to achieve sustainable coordination, and even the efforts of the technocrats and political leaders were not enough to resolve these issues.

It is thus unsurprising that to technocrats, the most attractive mechanism for implementation of policy reforms is the creation of “pockets of efficiency” (Geddes, 1994)—separate organizations with large funding and discretion, which can play according to special rules of the game, beyond general principles of state regulations, and have more room for maneuvering in conducting policy reforms. For example, the large-scale privatization of state

enterprises in Russia in the 1990s became possible only because of the establishment of the State Property Committee (Goskomimushchestvo), a powerful vertically integrated agency, which had the exclusive right to organize the sale of state assets⁴ and was controlled by the team of technocratic reformers led by Anatoly Chubais (Boycko et al., 1995). Despite the fact that the central government of Russia in the 1990s had weak leverages of control vis-à-vis regional authorities (Shleifer, Treisman, 2000; Gel'man, 2009), Goskomimushchestvo, using the sticks of threats and the carrots of bonuses, was able to conduct a federal program of privatization in most of Russia's regions (with notable exceptions such as Moscow City and Tatarstan). Moreover, Goskomimushchestvo, using various tricks, was able not only to squeeze legal approval of its proposals through government, parliament, and presidential administration but also to acquire broad discretion in its activities, thus becoming a "state within the state" (Freeland, 2000; Hoffman, 2002). However, after the end of privatization and Chubais's removal from top positions in the government, the influence of Goskomimushchestvo and its successor agencies greatly declined.

The formal institutionalization of "pockets of efficiency" may be supplemented by informal mechanisms of their patronage by political leaders, who may support their beloved pet projects in various areas. There are many examples of such projects in post-Soviet Eurasia (Gel'man, Starodubtsev, 2016; Gel'man, 2016), and some of them have brought certain positive effects. Overall, however, political patronage is vulnerable as a mechanism for promotion of policy reforms because of its informal nature and dependence on political circumstances. Personal changes at the level of the political leadership may put an end to ventures launched by previous leaders. Moreover, a shift in political leaders' priorities due to exogenous shocks and/or changing preferences (Appel, Gel'man, 2015) may change the directions of even previously successful policy changes.

To summarize, one might argue that the imperfect technocratic model of policy-making cannot preserve many reforms (even under favorable political conditions) from partial and inconsistent implementation, emasculation, major revision or even complete reversal. In the case of the political model, parties and their leaders can correct errors after certain policy failures, and relaunch policy reforms under new conditions during one of the subsequent political business cycles. But for technocratic reformers, whose professional credibility depends on their reputation in the eyes of their bosses—namely political leaders—a second chance may never come. This fact produces incentives to use windows of opportunity only to conduct those policy reforms

⁴ The selling of assets as such was conducted by yet another agency, the State Property Fund, which was organized according to similar principles and closely cooperated with Goskomimushchestvo (Boycko et al., 1995).

which can bring immediate positive effects. Conversely, policy changes oriented for long-term advancements may be postponed or result in unworkable compromises. Against the background of the success story of tax reform in Russia in the early 2000s (Appel, 2011), the failure of the pension reform launched during the same period is a telling example (Dekalchuk, 2017). Changes in the tax system benefited the Russian state and its rulers soon after their inception, whereas the pension reform assumed benefits only in the long run, and generated certain costs for individuals and companies because of the proposed transition to an accumulative pension system and the increase in the age of retirement. Since the technocratic reformers and political leaders who had initially supported the reforms had little interest in the adoption and implementation of policies, which might only bring significant returns in decades, and the bureaucracy as a veto player insisted on preservation of the status-quo, debates on pension reform resulted in a compromise aiming to satisfy the major actors. A partial and contradictory 2002 pension reform did not resolve any problems but only postponed them, despite the fact that the conditions for major changes seem to have become less and less favorable over time. Overall, however, the choice of short-term priorities for policy reform reflected the fact that many post-Soviet leaders have tended to behave, in Olson's terms, as "roving" rather than "stationary" bandits (Olson, 1993). Their horizons of policy planning have rarely exceeded the next election cycle, while transitions to hereditary succession of power are unlikely.⁵

Thus, the imperfect technocratic model of policy-making in post-Soviet Eurasia and beyond faces major and irresistible constraints. On the one hand, technocratic reformers and their patrons among the political leaders prioritize policy reforms with short-term positive effects at the expense of long-term programs. On the other hand, the poor quality of bureaucracy and the influence of interest groups distort the goals and means of policy changes and negatively affect policy outcomes. Even if technocratic tricks (quasi-experimentation, creating special conditions for reforms under the political patronage of leaders, cooptation and compromises with the sacrifice of some reform projects) have brought certain successes, their price may be prohibitively high in terms of the social bases of reforms and their irreversibility. But even if one admits these flaws and defects of the technocratic model of policy-making in post-Soviet Eurasia, to what extent are alternatives to this model possible, desirable and realistic, and what are their effects?

⁵ The case of Azerbaijan, with its dynastic power transfer from Heydar Aliyev to his son Ilham (Hale, 2015), is exceptional in many ways

Alternatives to Technocracy: From Bad to Worse?

What would happen in Russia, Ukraine, and other post-Soviet countries if for whatever reasons policy reforms in all areas were abandoned, and technocrats only maintained the status-quo in crucially important policy fields? Most probably, in the short term neither the political leaders nor the ordinary citizens of these states would notice anything important. They might even breathe a sigh of relief because they of fed up with the numerous successful and unsuccessful policy reforms over the last quarter-century. These developments are highly probable at least in the case of Russia, and the negative effects of the persistence of the status-quo bias might be observed only in the medium term and/or after a change of political leadership (Travin, 2016). However, the problems of policy reforms and mechanisms for their conduct will eventually be at the center of the political agenda of post-Soviet states, and alternatives to the imperfect technocratic model of policy-making will be discussed once again.

From the viewpoint of many analysts and the technocrats themselves (for critique, see Easterly, 2014) the most plausible solution is a correction of the defects of the technocratic model, aimed at its improvement. One may consider incentivizing bureaucratic performance through competition between agents (Yakovlev, 2015), constraining the discretion of certain state agencies and revising their powers (for critique, see Fedorin, 2015) and, as the most radical solution, the replacement of “bad” political leaders, whose informal ruling coalitions are packed with rent-seekers, with “good” reform-minded and less corrupt autocrats (Wintrobe, 1998). The problem, however, is that “for every Lee Kwan Yew of Singapore there are many like Mobutu Sese Seko of the Kongo” (Rodrik, 2010), and not merely because of the personal traits of political leaders. Their incentives in post-Soviet Eurasia and beyond (Olson, 1993; Bueno de Mesquita, Smith, 2011; Svoboda, 2012) have left little chance of healing the inherent defects of the imperfect technocratic model and transforming it into a perfect one. Even so, leadership and personnel changes, as well as changes of the rules of the game in certain policy areas, are important for resolving some problems, and the role of bright individuals at the critical junctures of post-Soviet developments is undeniable (Pismennaya, 2013; Fedorin, 2015; Aven, Kokh, 2015). But even recruitment *en masse* of the best and brightest professionals into the ranks of policy reformers cannot in itself guarantee resolution of the major problems of the post-Soviet technocratic model. Quite the opposite, the poor quality of the bureaucracy and the dominance of rent-seeking interest groups makes attempts to improve the technocratic model very questionable: they may result in the expansion of (already rigid) state over-regulation and in the increase of the discretion of state watchdogs and law enforcement agencies (Paneyakh, 2013).

These changes may create new obstacles to policy reforms instead of the existing ones, or even in addition to them.

But what of the odds of a hypothetical transition from the imperfect technocratic model of policy-making to the political model bringing positive outcomes? In the short-term perspective, these odds are more than dubious. The experience of Moldova and Ukraine (especially after 2014) tells us that politically accountable governments, even if they are formed through free and fair elections, are often no better at conducting policy reforms than technocratic cabinets of ministers. In these cases, the risks of state capture (Hellman, 1998) from outside, by oligarchic interest groups who compete with each other over rent-seeking, are high, and policy reforms may be blocked even if they are a priority for political leaders. A chain of weak, inefficient and corrupt cabinets of ministers is not an attractive alternative to the technocratic model. Another risk of such a transition is the aggravation of principal-agent problems within a predatory piranha-like state apparatus (Markus, 2015) and a possible shift toward decentralized corruption, which is even more dangerous than the centralized corruption (Shleifer, Vishny, 1993). In addition, the political model means that politically accountable governments may be hijacked by economic populists, who might try to exploit the popular mandate to conduct inefficient policies. Anti-authoritarian populism, which emerged in a number of Third World countries as a response to the numerous flaws and failures of the technocratic model (Easterly, 2014), may take post-Soviet countries from bad to worse from the viewpoint of policy outcomes under conditions of bad governance (Gel'man, 2017), and temptations of this kind may increase over time.

However, in the case of present-day Russia, both improvement of the imperfect technocratic model of policy-making and transition to the political model appear unrealistic. Since the political regime in the country is far from a full-scale crisis (Gel'man, 2015; Travin, 2016), its incentives are not toward change but toward preservation of the status-quo. This is why the main alternative to policy reforms in Russia is further appeasement of rent-seekers and further sluggish development if not stagnation. The sad fate of Ulyukaev, the major proponent of post-Soviet technocracy, may serve as a prime example of this tendency. In November 2016 Ulyukaev, who was Minister of Economic Development at the time, was fired and put under house arrest due to accusations of bribery during the process of privatizing a large block of shares of the state-owned oil company Rosneft. According to media reports, Ulyukaev, who had consistently objected to the government giving preferred treatment to state-owned companies, and raised his voice against the proposed mechanism of privatization of Rosneft, was most probably not guilty of these criminal charges (Zhegulev et al., 2016). Meanwhile, soon after Ulyukaev's dismissal, the Rosneft block of shares was privatized in a very non-transparent and

suspicious way: the state-owned Gazprombank offered credit to two foreign investors in exchange for being loaned these shares. Just before this deal, Rosneftegaz (the holding company, which controlled Rosneft shares) had put a large deposit into Gazprombank, so that this money was used to fund the privatization deal (Spetsoperatsiya, 2016). Some observers even compared this model to the infamous loans-for-shares deals of the 1990s (Freeland, 2000; Hoffman, 2002). The outcome of this deal was an increase in the influence of Putin's close ally Igor Sechin, who was notorious as a voracious rent-seeker even within the grim context of Russian crony capitalism (Gel'man, 2016). Ulyukaev, who stood for other policy priorities, was sacrificed to the interests of rent-seekers with the consent of Russia's political leadership. Needless to say that this episode (like many others of its kind) was hardly conducive to policy reform.

Ironically, Ulyukaev's own statement, made more than two decades before his downfall, turned out to be prophetic. In the case of the privatization of Rosneft's block of shares (and many others), the decision-making was quite competent and did indeed "depend upon knowledge and experience but not upon voting results". The problem was that the competence, knowledge and experience of rent-seekers were much more important than the competence, knowledge and experience of Ulyukaev and the other Russian technocratic reformers. While attempting to avoid the negative effects of politics on policy-making and "to achieve a 'regime of non-interference' of politics in other spheres of public life", technocrats and post-Soviet countries as a whole found themselves caught in a trap: policy-making was affected by more negative influences, while politics only aggravated these problems. The technocratic cure became more dangerous than the disease, and it remains to be seen whether Russia and other states of post-Soviet Eurasia will find a more efficacious one.

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