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Opportunities and Constraints of Authoritarian Modernisation: Russian Policy Reforms in the 2000s

VLADIMIR GEL'MAN & ANDREY STARODUBTSEV

Abstract

The essay explores why some socio-economic reforms are successful and others are not and why and how the political regime and its institutions affect policy outcomes and the implementation of a 'narrow' programme of authoritarian modernisation, characterised by the achievement of socio-economic growth without full-scale democratisation. It reconsiders the Russian experience of policy reforms in the 2000s as a case of authoritarian modernisation in the context of post-Communist policy changes where less than half of the proposals have been implemented, and only a few have been successful. The essay attempts to explain the factors and mechanisms of the successes and failures of policy reforms, focusing on the one hand, on the impact of electoral authoritarianism and the poor quality of the state on opportunities and constraints for policy changes, and, on the other hand, on the institutional factors which affect the vertical and horizontal fragmentation of the Russian government and the efficiency or inefficiency of its policies.

WHY ARE SOME SOCIO-ECONOMIC REFORMS SUCCESSFUL AND OTHERS ARE not? Scholars of different disciplines pose this important question as a key issue for understanding the logic of modernisation. For political scientists, an analysis of the impact of political and institutional arrangements on policy-making is the focus of attention. To what extent does the political regime and its institutions affect the outcomes of major socio-economic reforms? Do these factors matter given the fact that the average economic growth in both democratic and non-democratic regimes in the second half of the twentieth century was nearly the same (Przeworski *et al.* 2000)? Can a reform-minded leader, supported by a team of well-qualified experts, modernise his or her country without the fear of losing in free and fair competitive elections? And what of the conditions supporting (or opposing) the successful implementation of a 'narrow' programme of authoritarian modernisation aiming at the achievement of socio-economic growth without full-scale democratisation?

The Russian experience of socio-economic reforms in the 2000s can be perceived as a 'crucial case' of authoritarian modernisation in the context of post-Communist social and political changes. After the Soviet collapse and the following turbulent transition to a market economy, an electoral authoritarian regime, which incorporates meaningful yet unfair

elections, emerged in Russia (Howard & Roessler 2006; Levitsky & Way 2010; Golosov 2011; Morse 2012; Gel'man 2015). In 2000, when Vladimir Putin came to power, the Russian government proposed an ambitious and large-scale programme of economic and social reforms in Russia. Liberal economists, who had greatly influenced the policy agenda in the 1990s (Shleifer & Treisman 2000), initiated some of these reforms at that time. In the 2000s, they sought to implement their ideas under more favourable circumstances. The 1990s had been marked by a deep and protracted economic transformation recession, a major decline of state capacity, and constant intra-elite conflicts; by contrast, the 2000s became a period of high economic growth, recentralisation of the Russian government, and large-scale support of Putin's leadership by major political and economic actors as well as by Russian citizens. In reality, the outcomes of the reforms of the 2000s have failed to meet the expectations of optimists and pessimists alike. A decade later, the reformers themselves have assessed the implementation of their programme, and their leading figures such as German Gref and Yevgeny Yasin have realised that less than half of the proposals have been implemented, and only a few have been successful. Several proposed measures stopped at the stage of discussing good policy alternatives, and among those reforms which have been implemented successfully, some have had a series of unintended consequences (Rogov 2010).

We need to explain this diversity of outcomes of policy reforms, considering they occurred nearly simultaneously and within nearly the same economic and political circumstances. A synchronic comparative analysis allows us to disregard certain factors such as the impact of the Soviet legacy or Russian people's public opinion: we do not assume that these factors were unimportant, but they do not explain why some reforms succeeded and others failed. At the same time, the widespread statements which tend to explain the troubles of policy reforms by the resistance of interest groups such as 'oligarchs', *siloviki*, regional leaders and other rent-seekers (Shleifer & Treisman 2000), the rise of global oil prices, or Putin's interest in consolidating his personal political power (Åslund 2007), are limited and insufficient. They do not adequately explain why the tax reform in the 2000s became a 'success story', but the reform of the system of social benefits (*monetizatsiya l'got*) failed. Why was the reform of the school graduate evaluation system implemented despite considerable costs, while the reform of the state administrative apparatus and the full-scale reorganisation of federal government agencies in fact led to an increased number of bureaucrats and their empowerment? Putin, oil and *siloviki* alone are not responsible for the variation of outcomes of reforms that were launched almost simultaneously and in similar conditions. This essay attempts to explain the factors and mechanisms of the successes and failures of the 2000s' policy reforms. We focus, on the one hand, on the impact of electoral authoritarianism and the poor quality of the state on opportunities and constraints for policy changes, and, on the other hand, on the institutional factors which affect the vertical and horizontal fragmentation of the Russian government and the inefficiency of its policies.

The structure of the essay is as follows. First, we discuss the opportunities and constraints of policy reforms in authoritarian regimes. Second, we analyse the impact of electoral authoritarianism and of the institutional design of the executive on policy-making and implementation in the case of Russia. Third, we present a close look at a number of policy reforms of the 2000s that had different outcomes—the tax and budgetary reforms, the educational reform and the administrative reform. Finally, we outline the major conclusions and implications of our analysis.

Temptations and challenges of authoritarian modernisation

What could be more difficult than implementing social and economic reforms under the conditions of a democratic regime? From the policy-making perspective, democratic institutions have numerous defects that prevent good governance. Regular, competitive elections provoke ‘political business cycles’ (Nordhaus 1975), which contribute to populist policies, and shut the windows of opportunity for implementation of reforms. The separation of powers allows veto players (Tsebelis 2002) to block key decisions or dilute their essence. Multi-party coalition politics often results in adopting partial and compromise decisions. The political representation of interest groups stimulates the domination of distributional coalitions that are engaged in rent-seeking (Olson 1982). Both interest groups and political parties aim at state capture (that is, turning state policies into hostages of private actors) by leveraging their access to governmental posts to reward their allies (Hellman 1998). Many experts have noted the inefficiency of policy reforms from Latin America (Geddes 1994; Haggard & Kaufman 1995) to Eastern Europe (Ganev 2001; Gryzmala-Busse 2003), where both the interests of political actors and the institutional design hindered good governance and successful economic policies. It is no wonder that some authors have suggested implementing major socio-economic reforms in Russia under conditions of authoritarianism as a response to the ‘dilemma of simultaneity’ (Offe 1991). Democratisation was considered here at best as a postponed side effect of a step-by-step building of efficient institutions that provide stable long-term economic growth (Polterovich & Popov 2007).

This is the argument that underpins the logic of a ‘narrow’ version of modernisation (Gel’man 2014), or an agency-driven authoritarian modernisation project, perceived in the narrow sense: a set of technical policy measures aimed to achieve successful socio-economic development. At the same time, the broad aspects of political modernisation (that is, political freedoms) either remain beyond the current modernisation agenda or are postponed to a distant future in several decades until structure-induced societal changes will allow the pursuit of gradual step-by-step liberalisation ‘from above’. This approach is deeply rooted in intellectual traditions (Huntington 1968) and fuelled by success stories of various authoritarian reforms ranging from South Korea from the 1960s to 1980s to Chile under Pinochet. The temptation to reform with a ‘free hand’, without the constraints and defects inherent in democracies, is amplified by the fact that authoritarianism allows the government to be insulated from the impact of political parties and public preferences; thus, it is able to implement those unpopular policy reforms that are so often blocked under democratic regimes. In the context of contemporary Russia, this project was vigorously advocated by Dmitry Medvedev in his manifesto (Medvedev 2009).

The paradox is that ‘success stories’ of authoritarian policy reforms are quite rare. Autocracies have demonstrated a much higher diversity of growth rate than democracies (Przeworski *et al.* 2000). As Dani Rodrik pointed out, ‘For every Lee Kwan Yew of Singapore, there are many like Mobutu Sese Seko of the Congo’ (Rodrik 2010) who lead their countries into decay. This statement should not be understood merely as an assessment of the personal traits of certain leaders. Many autocrats genuinely pursue the project of authoritarian modernisation, but its implementation is blocked by both structural constraints (such as the level of socio-economic development, or the path-dependency of a given country) and political and institutional constraints (caused by the features of the country’s authoritarian regime and its rules of the game). This is why authoritarian policy reforms have brought such

diverse results. Recent analyses of various types of authoritarian regimes and their political institutions (Geddes 2003; Gandhi 2008) demonstrated that these differences also affect the efficiency of policies proposed and implemented by these regimes.

On these grounds, we argue that electoral authoritarianism complicates the task of implementing socio-economic reforms. From a policy perspective, electoral authoritarian regimes combine the worst features of both democracies and autocracies. On the one hand, they suffer from the same defects as democratic regimes: political business cycles (Treisman & Gimpelson 2001; Starodubtsev 2014) and distributional coalitions of rent-seekers (Shirikov 2010) do not disappear. On the other hand, these regimes rely heavily on mechanisms such as a politicised state-controlled economy, which is based on the coercive apparatus of the state (Levitsky & Way 2010), and the patronage and buying of loyalty of the elite and the masses alike (Magaloni 2006; Greene 2010). All of these instances provide incentives for politicians and bureaucrats that prevent the implementation of major policy changes. In addition, these regimes are faced with the risk of leadership change as the key challenge to authoritarianism (Geddes 2003; Hale 2006). Here a regime's survival depends on mass support to a greater degree than in both 'classical' (or 'hegemonic') autocracies (Howard & Roessler 2006) and democratic regimes: so large-scale modernisation (even in a 'narrow' format) is an extremely risky project for electoral authoritarian regimes and their leaders.

Another important constraint for authoritarian modernisation is the limited set of political tools available to a regime to achieve such a project's goals. In pursuit of policy reforms, authoritarian leaders can rely on bureaucrats, *siloviki*, or the hegemonic (or dominant) party (or a combination of these pillars) (Geddes 2003). However, these mechanisms are rarely useful for implementing reforms. For efficient use of bureaucracy (this tool of authoritarian modernisation was actually employed in the 2000s in Russia) the reformers need a Weberian quality to the state apparatus (Evans & Rauch 1999), that is, a high level of professional qualification among officials, strong incentives for them to achieve the goals set by the reformers, and an embedded state autonomy (the bureaucracy's insulation from the influence of interest groups) (Evans 1995). Leaders cannot develop these conditions from scratch, though, in theory they can build these institutions over a long period of time in a (successful) authoritarian regime.

The electoral authoritarian regime that emerged in Russia after the Soviet collapse of the USSR was not unique in this respect, but it had certain special features defined by the logic of the post-Communist transformation. In the 1990s policy reforms faced the problem of a weak state with a high level of horizontal and vertical fragmentation (Volkov 2002; Stoner-Weiss 2006). As a result, the central government resorted to compromises with 'oligarchs' and regional leaders; this raised the social costs of the reforms (Hellman 1998; Shleifer & Treisman 2000). Strengthening state capacity, alongside the rapid economic growth of the 2000s, allowed the central government to implement its policies relatively successfully and reduce the influence of the 'oligarchs' (Volkov 2008) and regional leaders (Gel'man 2009). But the poor quality of public administration (Colton & Holmes 2006; Taylor 2011) and the bureaucracy's inefficiency (Brym & Gimpelson 2004) were major constraints. By the time of the Soviet collapse, the bureaucratic machine was already suffering from deep institutional decay, and the post-Soviet period deepened these problems. Electoral authoritarianism provided incentives for the use of the state apparatus to maximise electoral results (Reuter & Robertson 2012), to the detriment of the quality of governance; the Kremlin

preferred loyalty rather than efficiency in political appointments (Egorov & Sonin 2004). The regime's dependence on buying electoral loyalty, so vividly visible in the 1990s (Treisman & Gimpelson 2001), increased further still in the 2000s (Scherbak 2007).

In sum, the political conditions of authoritarian modernisation in Russia in the 2000s were quite unfavourable to begin with; the combination of electoral authoritarianism and poor quality of governance hindered the success of full-scale simultaneous reforms in various social and economic arenas. The reformers could only hope to establish some 'pockets of efficiency' (Geddes 1994), that is to achieve success in certain high-priority policy areas, where the reforms could be more successful, while in other policy areas reforms could be either suspended or failed completely. Although the analysis of Russian modernisation in the 2000s confirms these expectations, a closer look at the political and institutional environment of adoption and implementation of policy changes in Russia will help us to understand the logic and variations of policy reforms in different areas.

Russia in the 2000s: institutions and incentives

The influence of major political institutions, such as the separation of powers, and electoral and party systems, on policy-making has been widely analysed, but only focusing on democratic political regimes (Haggard & McCubbins 2001), while the effects of authoritarian political institutions have been under-explored. Under authoritarianism, parliaments and political parties perform a secondary role in decision-making (Gandhi 2008). The major policy-making agent is the government, which is appointed and controlled by an authoritarian leadership. In terms of institutional design, present-day Russia is a typical case of the 'dual executive' within the framework of a presidential-parliamentary model (Shugart & Carey 1992; Morgan-Jones & Shleifer 2004). The Russian president, as a popularly elected head of the state, can appoint and dismiss the cabinet as a whole as well as its individual members. Although the prime minister is approved by the State *Duma*, he or she is dependent on a president who can overturn any of the prime minister's decisions and can issue presidential decrees which the government must follow. Thus, the Russian institutional design intentionally provides that the government hold a minimal level of autonomy, and perform technical (rather than political) functions. Its role is reduced to implementing the tasks posed by the president, and performing routine, daily administrative work in social and economic policy areas (Huskey 1999; Shevchenko 2004).

This model of state governance, codified in the 1993 Constitution, was inherited from both the Soviet model (based on an informal division of labour between the Central Committee of the Communist Party of the Soviet Union and the Council of Ministers) and the Russian Imperial model (based on the monarch's control of both the royal court and the cabinet of ministers). From an authoritarian regime's perspective, this model has both advantages and disadvantages. The major advantage is the opportunity for the president to replace top officials if they are inefficient or politically disloyal, or if the president intends to change his or her policy. In addition, such a model allows shifting the responsibility for policy implementation, and switching the blame toward the government rather than the president. (In the 1990s, Yel'tsin used this method quite frequently, reshuffling his government several times.) At the same time, citizens' assessment of economic policy performance is an important source of mass support for electoral authoritarian regimes (Rose *et al.* 2011; Treisman 2011); therefore

the president is vitally interested in successful government. The problem is that the coexistence of the president with capable and popular government can lead to an erosion of the presidential political monopoly; a successful prime minister can challenge the incumbent in the next electoral cycle as an opposition-backed candidate or a potential successor (Hale 2006) (as shown by the cases of Yevgeny Primakov in Russia and Viktor Yushchenko in Ukraine). The combination of great managerial efficiency and unconditional personal loyalty to the boss is a rare combination among top officials. As a result, the rise of the principal–agent problem is deeply embedded in this model.

A low level of government autonomy leads to the transformation of the cabinet of ministers from a collective entity of key decision-makers to a technocratic set of officials responsible for implementing the commands of the president or prime minister. The president, or in some instances the prime minister (Shevchenko 2004; Huskey 2010), ‘hires’ individuals for executive positions, considering them to be technocratic managers rather than politicians. Hence, the cabinet in this system of governance is neither a group of officials who are politically responsible to the parliament nor a team of professionals who share common policy goals and methods. The prime minister is responsible for coordinating this complex web of relationships. He or she is dependent on numerous deputy prime ministers who supervise various state agencies. (At times, there have been as many as ten of these deputy prime ministers in Russia.) As a result, policy-making under these conditions turns into a complex and often inefficient series of bargains and *ad hoc* agreements between several state agencies. Top officials have to spend countless resources to win intra-governmental struggles (Kas'yanov 2009). This is why policy-making in Russia is often perceived by observers as a very difficult process (Gilman 2010).

In Russia's case, policy-making becomes even more complicated due to additional institutional glitches. First, the agencies responsible for national defence, state security and foreign affairs have been directly subordinate to the president since 1994 despite the fact that their chiefs are formally members of the government (and later, other agencies were also added to this list). Second, in order to resolve the principal–agent problem, presidential control has been imposed on the government; this role is performed by the presidential administration, directly subordinate to the head of the state. (The Central Committee of the Communist Party performed the same function during the Soviet period.) This model intentionally creates parallel governance structures, which often compete during the policy process, and therefore hinder decision-making (Huskey 1999). Third, the key ministers or deputy prime ministers who are personally linked with the president are able to influence major policy decisions, bypassing the web of agencies or even bypassing the prime minister. Anatoly Chubais and Boris Nemtsov in 1997 and 1998 (Gilman 2010) and Aleksei Kudrin and German Gref in between 2000 and 2004 (Pis'mennaya 2013) successfully employed this policy strategy. Last but not least, a number of presidential decisions are often prepared without the involvement of the governmental officials responsible for certain policy areas. As a result, these presidential decrees sometimes cannot be implemented. In addition to horizontal fragmentation (between governmental agencies and other federal executive offices), vertical fragmentation between the central (federal) government and its branches at subnational level also plays a significant role. In the 1990s, a full-scale decentralisation of governance contributed to the capture of territorial branches of federal agencies by the regional elites. In the 2000s, a recentralisation of state governance re-established the federal Centre's political control over regional authorities, but did not set up a division of competences and resources between federal and regional

governments. The shift to a hierarchical subordination of territorial governance (the ‘power vertical’) exacerbated the agency problem in relationships between the Centre and the regions (Sharafutdinova 2010; Gel’man & Ryzhenkov 2011).

Given these institutional arrangements, one might argue that the Russian executive, even in routine governance, must deal with aggravation of the principal–agent problems in relations between both the president and the executive and within the government. It complicates the coordination of different agencies and their actions, and contributes to a protracted policy-making process or the adoption of inefficient decisions. Under these circumstances the implementation of a full-scale reform programme faces serious obstacles. Any bureaucracy is known to be interested in preserving the *status quo* (Horn 1995). Russian political institutions are not capable of overcoming latent resistance from bureaucrats, especially if and when policy-making requires interdepartmental coordination of different ‘layers’ of the power vertical and numerous ‘gates’ of the federal government. If reforms need concerted, large-scale and highly coordinated action from various segments of the federal and regional bureaucracies, this becomes a major problem for policy changes. The lack of political accountability and the inefficiency of mechanisms of centralised control (Brym & Gimpelson 2004) pushed officials to minimise their efforts to implement policy changes approved by the president. The more significant the involvement of the bureaucracy in policy implementation, the stronger the resistance it experiences from most officials. The policy reformers may be endorsed by a few ideologically driven proponents of these reforms or by policy entrepreneurs who expect to achieve personal gains from successful policy implementation.

In the beginning of the 2000s, favourable political conditions for policy reforms appeared to emerge in Russia. Due to rapid economic growth after a long and protracted recession (Treisman 2011), Putin gained significant popular support. After the 1999 election, the Kremlin was able to establish a pro-presidential majority in the State *Duma* that approved almost all of the Kremlin’s initiatives (Remington 2006). Strengthening state capacity (Easter 2008) and recentralising state governance (Gel’man 2009) allowed the government to reduce the influence of rent-seekers in policy-making. But the major driver of policy reforms was Putin’s genuine will to implement socio-economic changes. These circumstances opened the window of policy opportunity (Kingdon 2003) that had been closed in the second half of the 1990s (Åslund 2007).

The concept of the reform programme (‘the Gref Programme’ or ‘Strategy 2010’) was elaborated in the early 2000s by the experts of the Centre for Strategic Research (*Tsentralizatsionnyy razrabotok*—CSR). Under Putin’s patronage, this centre aimed to develop the previous decade’s policy proposals. The choice of policy options and Putin’s policy positions were influenced by experience. Putin prioritised building a strong and efficient state which would provide long-term economic growth on the basis of financial stabilisation and a successful fiscal policy (Putin 1999). Indeed, the weakness of the Russian state and its fiscal crisis is justly considered to be the ultimate cause of policy failures in the 1990s (Easter 2006). Therefore, major reforms in these policy areas became the key points of the reformers’ agenda in the beginning of the 2000s. At the same time, social policy changes that would contribute to societal development in the medium-term perspective were not declared to be top priorities, even though half of Gref’s programme was devoted to policy changes in these areas. Under electoral authoritarian regimes, social policies are often perceived not as a strategic goal of government, but as a means of providing electoral loyalty (Magaloni 2006; Greene 2010). The experience of both the 1990s (Treisman & Gimpelson 2001) and the 2000s demonstrates that the Russian case is not an exception here.

TABLE 1
FACTORS OF SUCCESS OF POLICY REFORMS

<i>Factors of policy reforms</i>	<i>Contributed to success if:</i>	<i>Contributed to failure if:</i>
Strategic priority of reforms for political leadership	high	low
Concentration and cooperation of agents of reforms during policy adoption and implementation	high concentration of reformers in a single governmental agency; major cooperation among reformers	responsibility for policy changes dispersed among several governmental agencies; limited cooperation among reformers
Process of adoption and implementation of policy changes	single-stage reform; short period of adoption and implementation of policy changes	multi-stage reform; long period of adoption and implementation of policy changes

Source: Compiled by the authors.

Despite the CSR's role as a think tank, there were no headquarters that managed or even coordinated various reforms. They were implemented as a set of inconsistent measures controlled by specific ministries. Mikhail Kas'yanov, the prime minister from May 2000 to February 2004, did not participate in preparing Strategy 2010. His views often contradicted the policy ideas of key ministers that developed this programme (Kas'yanov 2009; Pis'mennaya 2013). His successor, Mikhail Fradkov, did not become a significant political actor. In practice, all important decisions (including large-scale reorganisation of the Russian government) were made by the president. In some cases, the responsibilities for reforms were concentrated in one governmental agency, but often they were divided between several ministries and agencies in both the Centre and the regions. While some reforms required only the one-time adoption of a package of legal acts, others included a sequential chain of actions that required coordination of various actors for a long period of time. Theoretically, we can expect that inconsistent and protracted policy changes will be implemented in an inefficient way (Pressman & Wildavsky 1973), especially under conditions of an electoral authoritarian regime, which is even more dependent on political business cycles than a democracy (Greene 2010); so without immediate positive results in the short-term, these reforms may be blocked and ultimately fail.

Thus, the features of the Russian bureaucracy and the institutional design of the executive imposed major constraints on the implementation of reforms in the early 2000s. The possibility of overcoming these obstacles depends, in our opinion, upon three factors: the strategic priority of certain reforms for the president; the implementation of a given reform by reformers who are concentrated in a single powerful agency; and the reform requiring one-time governmental actions that are implemented within a short period of time (see Table 1).

How and why have these factors influenced specific policy reforms? To answer this question we will analyse the experience of policy changes in Russia in the first half of the 2000s.

Successes and failures of reforms: case studies

Tax and budgetary reforms: a success story

The tax and budgetary reform implemented in the early 2000s in Russia became a model example of the most successful policy changes of that period. In the 1990s, the emergence of the modern tax system in Russia was accompanied by weak state capacity, a spontaneous

decentralisation of governance, political instability and the obvious imperfections of many legal regulations (Volkov 2002; Easter 2006, 2008). As a result, Russian authorities had major difficulties with tax collection. The widespread use (or abuse) of numerous tax exemptions, non-monetary payments in the form of different offsets and money substitutes, and the proliferation of legal, extra-legal and illegal schemes of tax evasion, combined with the high taxation rates and the large number of taxes, made the government's fiscal policies extraordinarily inefficient (Nazarov 2011, pp. 467–79).

From a formal viewpoint, the tax reform involved the development, adoption and implementation of the Tax Code, which established unified rules of taxation and fiscal governance in Russia. Its first chapter, which defined the foundations of the country's tax system, was adopted in 1998. But the development of the second chapter took five more years. In 2000–2004, a new set of taxes and tax rates was established which replaced or defined previous ones. As a result, on the one hand, the tax burden on individuals and business was drastically reduced (especially due to the changes in the taxation rates of value added tax and profit tax, and the introduction of the unified social tax). On the other hand, the fiscal revenues of the state budget increased. This was achieved through the adoption of a flat rate of personal income tax (13%) instead of a so-called progressive rate, which stimulated tax evasion among relatively well-to-do taxpayers (Appel 2011). As a result, between 2000 and 2007, extra revenues for the Russian budget reached an overall level of 1% of the GDP (Nazarov 2011, p. 495).

In addition, the government managed to push a new model of taxation for oil companies through the parliament. Firstly, the subsoil use tax was established, with its rate depending on the sector of economy and the production costs. Secondly, a progressive rate of oil export duties was introduced, and oil products excises were increased. While global oil prices were growing unprecedentedly after 2003, these policy measures contributed to an immense increase in budget revenues.

The increase of tax revenues from the oil sector allowed the government to establish the Stabilisation Fund of the Russian Federation—a mechanism of sterilisation of budgetary revenues intended to prevent high rates of inflation and to form financial reserves in case of a major decrease of global oil prices. The Stabilisation Fund was established despite resistance from certain government ministers and from a number of MPs and numerous lobbyists who were interested in spending extra revenues on current projects instead of saving funds for the future (Zaostrovtssev 2010). The prudence of this policy became evident during the 2008–2009 economic crisis when the Reserve Fund of the Russian Federation (which was formed with the use of the Stabilisation Fund's resources) covered the Russian budget deficit.

Every aspect of the tax reform had its own influential opponents. MPs from the Communist Party of the Russian Federation (*Kommunisticheskaya Partiya Rossiiskoi Federatsii*) opposed the flat rate of income tax. They considered it a means of tax evasion for the wealthy (Appel 2011). Representatives of the state pension and social insurance funds argued against the unified social tax because they lost control over collection of money paid by companies. Finally, oil companies attempted to block the introduction of the subsoil use tax because it greatly increased taxation in that sector (Jones Luong & Weinthal 2010; Gustafson 2012; Pis'mennaya 2013). However, despite this resistance the tax reform was implemented.

The key factor in this success story was Putin's full-scale support of the reformers—Aleksei Kudrin, the minister of finance, and German Gref, the minister of economic development,

who relied upon their teams, which included officials in their respective ministries and numerous experts and advisers. Besides the personal credibility of the reformers, based on the common experience they shared during their service in St Petersburg's city administration, Putin considered the making of an efficient tax system as a priority for his agenda. Thus, he included the introduction of the flat rate of personal income tax in his Budgetary Address to the Russian parliament (Putin 2000). This move consolidated the presidential majority in the State *Duma* (Remington 2006) in support of this decision. The decision on the introduction of subsoil use tax was more complicated. Russian oil companies influenced the State *Duma* budgetary committee to a large degree, and had support from a number of MPs. But despite lobbyists' efforts, the government was able to squeeze this proposal through the State *Duma*. At the end of the day, the oil lobby accepted a consolation prize—the government would be prepared to decrease the subsoil tax rate to zero if the price of oil dropped below \$8 per barrel; in the event, this did not happen (Gustafson 2012; Pis'mennaya 2013).

Another factor in the success of the tax and budgetary reform was the concentration of policy-making in the hands of reformers and their supporters. Close connections between Putin, Kudrin and Gref allowed the two ministers to insulate the decision-making process from their major opponents. Indeed, Putin unilaterally adopted many financial and economic decisions without the participation of the prime minister or the cabinet (Pis'mennaya 2013). For example, a bill on replacing numerous social payments by the unified social tax (paid by companies) was submitted to the parliament without the agreement of other state officials, including the heads of the pension and social insurance funds. The stability of the new rules of the game was supported by the long service of the reformers as ministers: Gref left the Ministry of Economic Development in 2007 and Kudrin was dismissed in 2011.

Finally, the tax reform was not subjected to a long implementation process. The decision on the flat rate of income tax was proposed and adopted within one year. Then, the Ministry of Finance managed to protect this change from several initiatives to introduce progressive taxation, arguing that the new mode of taxation was efficient because budgetary revenues had increased. However, some elements of tax reform did not survive in the longer term: this was the case with the unified social tax, which provided governmental control over the use of funds, but did not increase budgetary revenues as such. As a result, in 2010 Tatyana Golikova, then the Minister of Public Health and Social Development, implemented a return to the previous scheme of social payment taxation (Nazarov 2011).

Preserving the Stabilisation Fund became the government's most difficult task. In 2006, the Investment Fund of the Russian Federation was established within the federal budget, and a certain amount of money from the Stabilisation Fund was diverted to the Investment Fund. The new budgetary instrument was intended to accumulate financial resources to fund nation-wide infrastructural projects. Soon, those resources were allocated to not only nationwide projects but also regional ones. In 2008, the Stabilisation Fund was split into the Reserve Fund and the Fund for National Prosperity. The former performed the same functions as the Stabilisation Fund, and the latter was aimed at balancing the budget of the Pension Fund of the Russian Federation (Zaostrovsev 2010). Although the use of the Stabilisation Fund was of great help during the 2008–2009 economic crisis it did not contribute to the country's long-term development.

However, even this success story was limited in scope. Another element of the budgetary reform initiated by Kudrin—the development of the principles of performance-based

budgeting—did not achieve any significant results (Sokolov 2011; Pis'mennaya 2013). The task of increasing the efficiency of public expenditures could not be resolved only by the Ministry of Finance (even with presidential support). It required the efforts of a number of officials among middle and street-level bureaucrats, and other participants of the budgetary process, who would have to be suitably motivated and to consent to change their approach for effective use of budgetary spending (Lipsky 1980). As with the case of administrative reform (see below), there was a shortage of such officials in the state apparatus. As a result, this reform failed.

The implementation of tax and budgetary reforms demonstrated that the institutional foundations of a success story heavily depend on presidential support of a well-formulated policy programme. Such a programme needs to be conducted by an administratively strong team of reformers who are able to disregard various pressure groups, and to push through those reforms which do not involve a large number of participants at the implementation stage. But this case also displays the unique array of factors necessary for policy success. The lack of at least one of these factors would lead to the window of opportunity closing for that reform's implementation.

Educational reform: mixed results

In the 1990s, the Russian authorities made several attempts to reform Russian school education. Both the content of school education and the principles of educational governance urgently needed to change. The inefficient use of limited financial resources by the state officials responsible for school and higher education and the lack of an independent system of evaluation of schools and universities were the most important institutional obstacles to developing Russian education. Under these circumstances, the educational managers were not interested in improving the quality of education. Secondary schools did not have external evaluations of their performance. Final school exams were conducted by the same teachers who taught the courses. To enter university, potential students used a parallel system of preparing for the entrance exams (many parents paid fees to private teachers out of their own pockets). The majority of schools located in rural areas could not provide decent quality of educational services. Educational mobility, even within Russia, was limited by significant costs. This reduced the level of competition for students between universities, especially at the regional level (Agranovich & Kozhevnikova 2006). Attempts to solve these problems in the 1990s faced a lack of funding from the federal budget and resistance from the conservative part of the professional community and political elite (Startsev 2012).

The fact that a programme of educational reform was included in Strategy 2010 opened the window of political opportunity for the reformers. In 2001 the Ministry of Education launched the experiment of introducing the Unified State Exam (*Edinyi gosudarstvennyi ekzamen*) in certain Russian regions. This mechanism replaced the final examination procedures in secondary schools and combined them with entrance examination procedures in universities. It used a single set of written exams based upon a set of formalised tests. Their results were reflected in final school certificates, while the universities accepted these scores for entrance examinations.

In 2002, as another experiment, the mechanism of state financial obligations to individuals (*gosudarstvennye imennye finansovye obyazatel'stva*—GIFO) was introduced, often called 'educational vouchers' in the media. The idea was that after passing the Unified State Exam,

a school graduate could be eligible to receive a certain amount of public funds for study at a university. The size of the state grant would depend on the Unified State Exam score, and the rest of the university's fee would have to be covered by the students (or, rather, by their parents). This policy measure was designed to contribute to the targeted distribution of public finances among higher education institutions, increase competition between universities to attract the best school graduates, and stimulate a fee-paying model of higher education in Russia (Kliachko 2002).

The results of these reforms were ambiguous. The GIFO experiment lasted for only three years in a limited number of regions. Upon its negative evaluation by the professional community, the federal authorities abandoned its subsequent implementation and the GIFO mechanism was buried. The Unified State Exam experiment, on the other hand, covered more new regions every year and by 2008 became a nationwide examination. As a result, the State *Duma* had to amend the law on education in Russia to recognise the Unified State Exam as the only way to complete secondary school and take university entrance exams simultaneously. The opportunity to use the results of the Unified State Exam to apply for several universities at once dramatically increased competition for students in the university education system and improved educational mobility. At the same time, scandals during the examination occur every year due to the regular leakage of tests and answer keys, the mass involvement of school teachers in illegally assisting pupils to pass the tests, the dubious distribution of the best results among the Russian regions (thus scores in the republics of North Caucasus, despite their notoriously low human capital, were higher than those in Moscow and St Petersburg). Almost 15 years later, the Unified State Exam has not become recognised by Russian society as a legitimate way to evaluate students in either schools or universities. Recently, Ministry of Education officials have discussed an opportunity to return to the previous practice of final examinations in schools, and proposed to increase the number of universities that would be able to use additional entrance exams, thus compromising the very idea of the reform. Public opinion on the Unified State Exam is also exceedingly critical (Rossiyane 2013).

The educational reforms could not be implemented by their initiators alone. They involved an unprecedented number of participants in the policy process, ranging from members of the State *Duma* and regional and local officials to university rectors, school directors and school teachers. The complexity of the reform's implementation and the resistance of numerous interest groups were quite significant. As a result, there was a serious risk of the reform's failure and a return to the previous *status quo*: in fact, this happened with the introduction of the GIFO. The Ministry of Education did not initiate this innovation: it was proposed by experts of the Higher School of Economics who included this policy measure in Strategy 2010. However, it caused a furious reaction in the State *Duma* and was ultimately protested against even more passionately than the Unified State Exam. The universities' representatives were also against changing financial arrangements in higher education. As a result, the experiment was considered as a failure and abandoned (Startsev 2012, p. 107). At the same time, the ministry was interested in implementing the Unified State Exam and was able to overcome equally strong resistance to this innovation through step-by-step implementation of the reform. The experimental status of the new mechanism allowed development and adjustment of new organisational and substantive arrangements of the examination and reduced the intensity of the debate over the reform, which had not yet been converted into a legal act and, therefore, could theoretically be abandoned. When the experiment covered the entire country, its disparate opponents could not make the government and its loyalists in the State

Duma prevent its legal formalisation. As a result, the policy entrepreneurs from the Ministry of Education were able to implement this project while insulating the educational reform from the influence of interest groups.

Despite their social significance, educational reforms have never been attributed to Vladimir Putin. He made several statements in support of Russian education, but hardly considered this policy area a priority in his agenda. On the one hand, educational reforms (regardless of results) cannot provide a positive effect from a short-term perspective. On the other hand, Putin sought to keep a distance from the initiators of unpopular policy changes and from decisions made by officials in the ministerial level. At the same time, during the 2000s and 2010s the educational reform was implemented consistently and without significant changes in its content. This indicates that Putin and Medvedev supported these policy measures. In 2011, Andrei Fursenko, then the minister of education, suggested that the Unified State Exam should include only three disciplines—Russian, maths and one of the foreign languages, but President Medvedev rejected this suggestion: ‘Approaches to conducting the Unified State Exam have been determined, and the exam has proved a normal way of testing knowledge’ (Chernykh 2011).

The Unified State Exam’s major problems were to a certain degree caused by the misuse of its results by the government. The reformers initially considered the Unified State Exam as a means of external evaluation of the performance of schools and educational bureaucrats at the local level. But later on the Kremlin used the results of the Unified State Exam as one of the criteria of assessing the performance of regional authorities within the framework of a re-established power vertical (Reuter & Robertson 2012). As a consequence, the exam scores of school graduates gained administrative and political status. This became one of the reasons for numerous violations during examinations. The efforts of regional and local bureaucrats have been aimed not at increasing the quality of school education, but at achieving high scores at any cost. In this way, the functions of the Unified State Exam have been emasculated and its role has changed.

Nevertheless, the educational reforms can be considered an example of successful gradual and consistent implementation of new institutional arrangements. Initially, these initiatives were implemented as experiments concerning the approbation of new mechanisms in some regions. It was impossible to introduce the Unified State Exam in all Russian regions simultaneously due to both technological constraints (lack of experience, high level of uncertainty of outcomes and high cost of potential failure of the reform) and political ones (most politicians, professionals and ordinary citizens did not accept the idea of an educational reform). The decision on the Unified State Exam was *de facto* adopted and implemented by the Ministry of Education. The legislative formalisation of the Unified State Exam happened only in 2007 when the State *Duma* was under the full control of the presidential administration. At the same time, the same strategy contributed to the failure of the implementation of the GIFO system, which could demonstrate reliable results only nationwide and not on the level of individual regions.¹

To summarise, the institutional changes in educational policy demonstrate the limits of presidential influence on the implementation of reforms. Even modest presidential support helps the adoption of major decisions and their implementation despite the resistance of various interest groups, especially if the reformers can insist on at least a part of their proposals. But

¹‘Eksperiment po Vvedeniyu GIFO Nuzhdaetsya v Novoi Otsenke’, *RIA Novosti*, 9 July 2009, available at: <http://ria.ru/education/20090709/176794627.html>, accessed 8 January 2015.

the performance of street-level bureaucracy can reduce the efficiency of implementation of top-down ideas.

Administrative reform: from bad to worse

The administrative reform was aimed at solving the problem of inefficiency of public administration, which hindered the country's social and economic development. By the end of the 1990s, a paradox of bad governance was widely observed in Russia. Formally, the government had many regulating powers, but its performance was very poor (Popov 2004). The influence of big business on the adoption and implementation of many important policy decisions led to state capture (Hellman 1998). At the same time, entrenched officials formed their clienteles, which included representatives of different businesses as well as other social groups (Tompson 2007). The functions of ministries and state agencies often duplicated each other. The transformation of Russian 'bargaining federalism' generated a politically motivated division of powers between federal and regional authorities (Stoner-Weiss 2006; Gel'man 2009). The decline of state capacity and state autonomy raised doubts about the federal government's ability not only to implement any reforms but even to conduct routine day-by-day governance.²

Formally, the administrative reform was launched in 2003 and continues even now.³ But the most significant policy measures—the revision of the functions of the government agencies, the revision of the so-called redundant functions of the government, the redistribution of other functions between federal and sub-national government agencies, and the major structural changes to the federal government—were implemented between 2001 and 2004. After that, the reform was focused on the technologies of improving government services provision, and no longer involved politically relevant changes.

In fact, the reform failed to contribute to the improvement of public administration in Russia.⁴ The redistribution of powers between layers of government led to a recentralisation of governance that more resembled a unitary state (Starodubtsev 2013). The transformation of the federal government into three types of organisational entities (ministries, federal agencies and federal services), and the revision of their powers, did not contribute to transparent and efficient governance, but rather complicated the interactions between the governmental agencies that were responsible for the same policy areas (Dmitriev 2011). The only meaningful outcome achieved by these policy changes was a significant increase in the officials' salaries. But the quality of personnel and the motivation of officials, which had been heavily criticised (Brym &

²This is confirmed by numerous evaluations. According to the World Bank, the percentile rank of Governance Effectiveness in Russia in 2000 was at 23 (out of 100) and the rank of Regulatory Quality was 28 (see, 'Worldwide Governance Indicators', World Bank, 2014, available at: <http://info.worldbank.org/governance/wgi/index.aspx#reports>, accessed 8 January 2015). In 2002 Russia took 71st place (out of 102), according to the Transparency International Corruption Perception's Index. This result was close to India, Honduras and Zimbabwe (see 'Corruption Perceptions Index 2002', *Transparency International*, available at: http://www.transparency.org/research/cpi/cpi_2002, accessed 8 January 2015).

³That year saw the initial implementation of the federal programme Reforming Public Service in the Russian Federation (2003–2005).

⁴According to the World Bank, in 2012 the percentile rank of Governance Effectiveness in Russia approached 41, and rank of Regulatory Quality approached 39 (see, 'Worldwide Governance Indicators', World Bank, 2014, available at: <http://info.worldbank.org/governance/wgi/index.aspx#reports>, accessed 8 January 2015), while the reformers set the target of 70 for both indicators by 2010 (Rasporyazhenie 2008). The Russian position in the rating of Transparency International's Corruption Perception's Index has declined: in 2012 Russia took 133th place out of 174 (see, 'Corruption Perceptions Index 2012', *Transparency International*, available at: <http://www.transparency.org/cpi2012/results>, accessed 8 January 2015).

Gimpelson 2004), did not change in practice. So despite a number of technological innovations in the everyday practices of interactions between bureaucrats, citizens and business people, the quality of public services has not improved. Moreover, in many instances it has become even worse. But why were the results of administrative reform so poor?

One might argue that the administrative reform was on the periphery of presidential attention. Initially, the development of this reform was one of the key items for the Centre for Strategic Research (Logunov 2006, p. 23). Later on, this reform became a priority for the government and the presidential administration. In his annual address to the parliament, Putin paid specific attention to it. In 2003, admitting significant problems in achieving the policy goals, he even promised to provide 'needed political impetus' for more active policy in this area (Putin 2003). However, Putin did not take the most important step: he did not provide any organisational support for the planned reform. All basic policy measures in this area were coordinated by the governmental Commission for Administrative Reform, which was headed by one of the deputy prime ministers. Thus, the status of this coordination centre was relatively low. In addition, this commission did not possess enough powers to implement reforms as its role was limited to policy proposals. Its scope was limited to proposing changes in the structure of the government and in the functions of different kinds of governmental agencies. But the reform of public service, changes in its personnel and the revision of other major regulations were delegated to the Commission for Reforming Public Service, headed by Dmitry Medvedev (at that time, the first deputy head of the presidential administration). The members of that commission took a conservative approach to reforming public service in Russia (Dmitriev 2011, pp. 202–3). As a result, the policy reform was organisationally divided and full of internal contradictions. All attempts to strengthen the influence of the Commission for Administrative Reform or establish a new strong organisation in charge of this reform have failed. For example, in 2004, the Ministry of Finance blocked the adoption of a federal programme which could have provided financial resources to implement the administrative reform. At the same time, the proposal to establish an agency in charge of implementation of the reform and of allocation of funds was rejected. The implementation of the Conception of the Administrative Reform between 2006 and 2008 was delegated to the heads of the governmental agencies: in other words, Russian public service had to be reformed by the officials themselves, who were not interested in challenging the *status quo* and did not have any incentives to implement that reform programme.

The administrative reform aimed at the de-bureaucratisation of the Russian economy and the stimulation of business development coincided with a 'statist turn' in Russian economic policy (Gustafson 2012). Under these circumstances, state agencies abandoned some of their redundant functions, but they also increased their encroachment into the economy by toughening governmental regulations. Thus, a set of measures—for instance, the division of labour between the ministries responsible for policy development and decision-making, the federal services in charge of control over implementation of these decisions, and the federal agencies that provide public services and manage federal property—would lead to an increase in the number of state officials, but it could not improve the quality of governance. When the shift to the 'predatory state' model of state–business relations occurred in Russia in the 2000s (Gel'man 2010), the administrative reform was no longer needed.

One important obstacle to the success of the administrative reform was its long implementation period. Putin had lost his interest in this policy area by 2005. Those experts who had initiated the reform were replaced in the Commission for Administrative Reform by another group of

state officials. Finally, the substance of the reform itself was reduced to permanent preparation of new administrative regulations and to making new arrangements for state agencies' websites. At the same time, transparency and the de-bureaucratisation of decision-making themselves were no longer considered important features of public administration and the civil service.

In conclusion, the failure of the administrative reform resulted from the following factors: the lack of drivers of reform, that is leaders who would have enough will and power to impose key decisions despite resistance from major interest groups; dispersed responsibility among officials and the lack of a politically and administratively strong team that would coordinate the actions of various governmental agencies, which led to inefficiency of reform implementation; and protracted policy changes and the lack of short-term achievements, which decreased presidential interest in this sphere of reform. As a result, the administrative reform's goals were not achieved, and the quality of state governance and public administration went from bad to worse.

TABLE 2
FEATURES AND OUTCOMES OF POLICY REFORMS IN RUSSIA IN THE 2000s

<i>Feature</i>	<i>Tax and budgetary reforms</i>	<i>Educational reforms</i>	<i>Administrative reform</i>
Strategic priority of reform for political leadership	high	relatively low	initially high, but later low
Key agents of reform	ministers of finances and economic development and their teams	officials in the ministry of education	numerous officials in the government and the presidential administration
Concentration of agents of reform during policy adoption and implementation	high	low	low
Resistance of interest groups	strong (in some areas), but not coordinated	strong (in all areas), but not coordinated	strong (in all areas)
Insulation of reformers from influence of opponents	high (due to presidential support)	limited in some arenas; self-insulation in the case of the Unified State Exam experiment	none—the reform has been implemented by the major interest groups (the officials themselves)
Process of adoption and implementation of policy changes	single-stage, major decisions adopted and implemented quickly	multi-stage, major decisions adopted quickly but implemented over many years	multi-stage, major decisions made and implemented for many years
Outcomes of reform	rapid and positive effects that legitimised reforms	non-immediate and ambiguous effects	insignificant effects
Consequences of reform	reduction of the tax burden, stimulation of economic growth, increase of fiscal revenues to the state budget	standardising a system of evaluation of school graduates (despite numerous defects)	increasing number of officials and rise of their salaries
Overall assessment of reform	(incomplete) success	Unified State Exam—success, GIFO—failure	failure

Source: Compiled by the authors.

Conclusion: are reforms impossible?

The logic of Russian policy reforms analysed above is summarised in Table 2.

Although the cases outlined above obviously do not cover the entire scope of policy reforms implemented by the Russian government within the framework of authoritarian modernisation, we can trace the influence of the same factors on policy changes in other areas. The reform of social benefits implemented from 2004 to 2005 was not a major priority for the government, but considered a by-product of the redistribution of powers and responsibilities between the Centre and the regions. It ultimately failed due to errors in the budgeting process (Pis'mennaya 2013) and inefficient coordination of government agencies at the federal and regional levels (Alexandrova & Stryuk 2007; Wengle & Rusell 2008). This reform contributed to public discontent and to protest rallies in several cities, and led to the declining electoral performance of United Russia (*Edinaya Rossiya*) at the regional elections in spring 2005 (Golosov 2011). As a result, the reform was shelved. It was not surprising that after this failure the president and the government argued against implementing any new reforms, including policy changes in other areas (Pis'mennaya 2013). Political and institutional factors affected the outcome of this reform, alongside technical ones. Although the insulation of the government from interest groups often allows for initiating policy changes, it can also aggravate the risk of major policy failures due to inefficient institutional design or poor quality of policy implementation.

An even more vivid example of unsuccessful policy change was the police reform initiated under Dmitry Medvedev's presidency, as convincingly analysed by Brian Taylor (2014). Despite the fact that the development of the rule of law and the creation of efficient law enforcement agencies were declared by Medvedev as his main priorities, the launch of the police reform in 2009 did not bring about any significant effects. This failure was caused, on the one hand, by resistance from influential *siloviki* in the presidential administration and in the government, and on the other hand by Medvedev's inability to build a successful pro-reform coalition. The development and implementation of the police reform (including the reduction of the number of law enforcers, personnel changes and a structural reorganisation of agencies) were performed by Ministry of Interior officials, who were the least interested actors when it came to genuine change. Public discussion initiated by the president and his supporters was nominal; alternative proposals were not discussed at all. As a result, the only visible effect of the reform was the change of the title *militsiya* to *politsiya* (police). Numerous reshufflings among the mid-level officials were insignificant, and soon after its start, the reform came to a halt.

In addition, the failure of the police reform demonstrates that policies implemented by an entrenched bureaucracy do not allow for provision of incentives for real change, but often support the *status quo*. The 'new' police remained an agency oriented around demonstrating appropriate statistical reports irrespective of the real situation regarding crime (Paneyakh 2014). The reform of healthcare demonstrates similar tendencies, with a two-fold increase in financial support in the second half of the 2000s failing to lead to improved quality of healthcare services (Alyab'eva 2014). Although pressure from policy entrepreneurs in some areas (such as the educational reforms) has sometimes contributed to institutional changes, their effects are incomplete and partial due to resistance from interest groups and to a set of organisational problems. The step-by-step process of implementation of certain reforms makes policy changes even more complicated.

Are successful reforms possible within the framework of an authoritarian modernisation project? A positive answer should be heavily marked with major caveats. If a certain reform is the top political priority of the strong and authoritative head of the state, and if a team of reformers has the opportunity to be insulated from the major interest groups, and if it implements policy changes quickly and they bring immediate positive results, then this reform is possible even under conditions of poor quality of governance and inefficient institutional design. This combination of favourable conditions is quite rare, and this is why the success story of tax and budgetary reforms in the 2000s remains an exception. But the insulation of reformers from influence of interest groups is risky because it does not ensure the quality of policy proposals and their implementation: the costs of errors may increase. In addition, authoritarian modernisation projects are often implemented by officials who are not interested in reforms. Following Geddes' metaphor, we argue that under electoral authoritarianism 'the pockets of efficiency' are full of holes (Geddes 1994, pp. 61–9). Finally, the failure of some policy reforms can challenge the whole project of authoritarian modernisation by undermining the president's incentive to continue major changes. It is unsurprising that after the failure of the 'monetisation of social benefits', the notion of reform became taboo among the Russian leadership (Pis'mennaya 2013). They were replaced by 'national projects', which propose only an increase in financing without significant structural changes. When Putin returned to the presidential post in 2012, new rounds of socio-economic reforms were not discussed.

From a broad perspective, the Russian experience of authoritarian modernisation represented in the wake of policy reforms in the 2000s demonstrates that political leaders, even those who are interested in implementing policy changes, cannot repeat the experience of Lee Kwan Yew and other successful dictators. Those who relied upon an inefficient bureaucracy as a basis of their own winning coalitions (Bueno de Mesquita & Smith 2011) are rarely ready to risk a potential political imbalance in the name of possible developmental success. Therefore their reform strategy is often inconsistent, and the incentives to preserve the *status quo* are often overwhelming. In the best case, authoritarian modernisation can result in a set of temporary and partial policy measures. In the worst case, it turns into a demagogical smokescreen for the preservation of authoritarian power. As one can see, this was the case of Russian experience in the early twentieth-first century: initial efforts of policy reforms that were launched soon after 2000, later on turned into words without deeds against the background of aggravation of authoritarian trends in the country (Gel'man 2015). Yet, there are no guarantees that democratisation will create favourable conditions for socio-economic reforms either; rather, it will provide new challenges. We suggest, however, there is no reason to believe that policy reforms under the conditions of an electoral authoritarian regime and poor quality of the state can bring great fruits.

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