TITLE: THE EMERGENCE OF LOCAL GOVERNMENT IN RUSSIA: ST. PETERSBURG RAION CASE STUDY

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EXECUTIVE SUMMARY

Important changes with respect to local government rights and responsibilities occurred during the immediate post-Soviet period that allowed urban development to become a local policy concern. The result will have important implications for changing the spatial structure and direction of the urban economy. In addition, the changes also set in motion a process of regional variation of policy formation and implementation that had not existed at the same scale during the Soviet period.

The geographical consequences of the ability to construct local economic policies include influencing interregional and intraregional variation of the provision of public goods and services and the location and growth of economic activity. It is now likely that some cities will have vastly better mass transit systems, educational systems, or recreational facilities than other cities. The availability of employment, type of employment, regional shifts of employment in various activities such as manufacturing or services will also vary by locality according to local government policies. Local governments also now have the potential to influence geographical processes such as population migration and employment patterns that will change the economic geography of Russia.

This paper uses a case study of an urban district in St. Petersburg, Petrodvorets, to examine the changing functions of local government, local government initiatives in urban development, and inter-governmental relations during the post-Soviet restructuring period. A previous case study established that city government in Yaroslavl', an industrial city in central Russia, manipulated the formal and informal budgetary systems to carve out independent expenditure policies and urban development priorities. The current study looks for evidence of economic and political behavior at the district level in St. Petersburg that corresponds to the behavior of Yaroslavl' city government. Like Yaroslavl' city, districts in St. Petersburg are subject to the political and economic actions of two levels of higher government -- in this case the city of St. Petersburg and the federal government. Evidence is provided in this paper that behavior similar to that of the Yaroslavl' local government is emerging in another region and in an administrative unit of differing administrative status. Fiscal decentralization and the evolution of local government initiative is occurring at several levels of the urban hierarchy in Russia and thus changing the nature and the shape of the urban environment.

The time frame of the case study covers the nearly two years of experimentation with fiscal decentralization and the formation of local self-government immediately after the breakup

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of the former Soviet Union, 1992 and 1993. In Fall 1993, the district soviets were abolished in St. Petersburg by President Yeltsin’s decree and also by the mayor of St. Petersburg, Anatolii Sobchak. The district soviet deputies were locked out of their offices and the district soviet bank accounts were frozen. These actions ended the Soviet legacy of elected local government at the district level in St. Petersburg.

Petrodvorets was an independent town until 1936 when it was placed under the jurisdiction of St. Petersburg. In 1989 at the first session of the newly-elected district soviet, the Petrodvorets soviet passed a declaration of intent to be independent from St. Petersburg and to determine the future course of development (September 1993 interview with Nikolai Ul’novich Marshin, Chairman of district soviet). The local government declared its intention to develop as a scientific, cultural, tourist, and humanitarian center. At present, the economic base of Petrodvorets is tourism with a small industrial base consisting of five factories (several related to the military industrial complex and a large watch factory).

The weak industrial base, the importance of low priority activities such as recreation and tourism, and the presence of the troubled military sector combine to produce less than dynamic economic conditions that are mirrored in the demographic situation of the district. The district is currently a bedroom community for St. Petersburg with a January 1, 1993 population of 82,900, an increase of about 6,000 since 1987, but a decline since 1990. Petrodvorets had been a place of net in-migration until 1991 when the district began to lose population due to out-migration. The district also consistently loses population due to natural decrease -- in 1992 the crude birth rate was 7 per 1000 while the crude death rate was 18 per 1000. St. Petersburg as a whole also began to lose population due to net out-migration and natural decrease during this time (Mitchneck and Plane, 1994).  

The case study is derived from local government documents and budgets that were collected during two field trips to Petrodvorets in June 1992 and September 1993, immediately prior to the abolition of the local soviets. The documentary data are supplemented by extensive interviews with local government officials in both the legislative and executive branches of government at the district level. Examination of changing local government functions, local economic development initiatives, and inter-governmental relations yield valuable new information on the formation of local government in Russia and its role in urban development during the immediate transition period. The formal local budgets give a clear idea of the formal responsibilities and of changing functions over time. The local initiatives in the urban economy were found in the use of off-budgetary revenues, (surplus revenues and extra-budgetary funds), and in the formation of local policy priorities. This information was found in
local government legislation and the resolutions from meetings of the malyi soviet. Interviews with local officials also yielded information on inter-governmental relations.

**Local Government Functions**

In 1991, the last year of the Soviet Union, budgetary expenditures of Petrodvorets were qualitatively as well as quantitatively different than during the first two years of an independent Russia. The structure of the 1991 budget was relatively simple. The 1992 budget, the first in the new system, shows a restructuring of the functions of the district government as well as a more fiscally responsible local government. Relative spending priorities changed substantially at the local level with the highest proportion of expenditures made locally in 1992 on education (36.9 per cent), housing and communal economy (23.9 per cent), and health (21.6 per cent). These trends hold stable and even intensify in the first six months of 1993 with education being 48.9 per cent of budgetary expenditures, health 21.0, and housing and communal economy 19.4 per cent. The relative change between housing and communal economy and health is probably not significant in that the data only show half a year. The increases do not necessarily mean that more funds are allocated to these expenditure items because we do not have the information on expenditures in Petrodvorets by the St. Petersburg government; but the focus on expenditures in health, education, and housing and communal economy show the formal local priorities.

The new budgets show substantial continuity with the past in terms of local government functions. There are, however, other less noticeable changes in the formal budgets that show the increased local urban development role through fiscal decentralization and growing budgetary responsibility at the local level. The formal functions have changed to include social policy, local economic policy, and additional responsibilities in the local economy. First, the district increased its expenditure responsibility in the communal economy, making expenditures in 1993 that were made by St. Petersburg in the past. Petrodvorets made expenditures for law enforcement, previously a responsibility of St. Petersburg and not a local responsibility. This shows some fiscal decentralization in the expenditure sphere. Second, the law enforcement expenditures also represent local initiative, because the district created its own local police force in 1992 using independent revenue sources. Third, similar budgetary initiative is seen in the inclusion in the formal budget in 1992 expenditures on the Bureau on Youth Affairs. This bureau was created to function as a type of community center for the district's youth. This was also created in 1992 on the basis of local initiative using locally accumulated revenue sources. A fourth formal budgetary change occurred in 1993 with wage compensation added to the local budget. Compensation is a category of social welfare where expenditures are made usually on
wage compensation for price increases for food and children's clothes. Other levels of
government also fund wage compensation. A fifth significant change in 1993 is that the district
began to make loans from the local budget to support local economic activity. This was done
because of enabling legislation at the level of St. Petersburg city. Despite the substantial
continuity with the past for the formal functions of local government, significant changes in
local governance did begin to occur immediately after the disintegration of the former Soviet
Union, often at the initiative of district government.

Local Government Initiatives

Local government initiatives are an important area for seeing the changes in local
government responsibility in the urban economy in the first years after the disintegration of the
former Soviet Union. Local government initiatives can vary greatly across space, in part,
because of differential ability to form budgetary surplus and extra-budgetary revenues.
Expenditures from surplus must be made in areas of formal budgetary responsibility while
expenditures from extra-budgetary resources can be made in any area of local priority. In the
Soviet period, the local government did not independently determine the structure of
expenditures from these two sources. One official explained that in the past, they would seek
out sponsors to make these expenditures rather than having to fund (and fend for) themselves.
On one hand, the previous system was easier because it relied solely on negotiation talents
while the new system relies on financial expertise and management to accumulate resources.
On the other hand, in the previous system independence of action was severely curtailed, while
in the new system independence is fostered.

Information on local initiative and legislative priorities is augmented by a data base
constructed from resolutions. The data base consists of two major categories - political and
economic. Each category is then subdivided; political resolutions are categorized into
organizational, territorial identity or the environment. Organizational consists mainly of
personnel matters, monitoring, elections, and legislative issues including protests and inquiries.
Territorial identity includes local awards, borders, monuments, place name changes, and public
morale. The economic category is subdivided into agriculture, the budget, industry,
organizational, privatization, social welfare, trade/commerce, and urban development. This
level of detail gives more specific information on the nature of the local government role in the
urban economy than do general budgetary categories.

Already mentioned above are several examples of local government initiative, most of
which occurred in 1992. In 1993, the situation changed substantially with respect to local
initiative. The local government changed from a proactive stance to a planning one. The fiscal
situation of the district was troubled; Petrodvorets was one of several districts that received
subsidies from St. Petersburg. The St. Petersburg planned budget shows that about half of the
districts were to receive budget subsidies in 1993; while local government officials said that by
September 1993, Petrodvorets was one of four subsidized districts in St. Petersburg. The data
base supports the lack of budget surplus in both 1992 and 1993. The topic does not appear in
any resolution over the two year period, although the Chairman of the District Soviet, Nikolai
Ul'novich Marshin, asserted that one hundred million rubles from surplus revenues were spent
on the health sector.

For Petrodvorets, initiative from extra-budgetary sources was also curtailed. A few
initiatives funded in 1992 did use extra-budgetary revenues. But extra-budgetary funds
decreased substantially between 1992 and 1993 because tax fines no longer constituted extra-
budgetary revenue. In addition, the soviet reportedly lost its access to its extra-budgetary fund
due to "scandals", and conflict with the executive branch in Petrodvorets. With the loss of
extra-budgetary funds, the district lost some ability to make independent expenditure policy for
urban development or even to have substantial influence over spending.

The data base information highlights areas of legislative priority and potential initiative
for local government. The new areas of responsibility mean that the spatial structure of cities
and the urban economy in post-Soviet Russia is shaped less by the needs of central institutions
and the national economy, as in the past, but rather according to the needs of the urban
economy or local population as determined by local government. In Petrodvorets, the economy
was of greater priority than political issues with over 60 per cent of local legislation focused on
the economy. Within the economic realm, local legislation in 1992 was aimed mainly at issues
related to urban development (34 per cent), the budget (22 per cent), organizational (20 per
cent), social welfare (11 per cent) and privatization (9 per cent).

Urban development legislation focused on infrastructure (including housing and
transportation), land use, capital improvements, property transfers, socio-economic planning,
mass media, and leasing. These are new functions for local government. In the past, land use,
property transfer and leasing of property were central functions if they existed at all. They are
currently in the local realm due to federal law, but each local government implements that law
differently. Mass media and local television programming is a new function at the initiative of
the local government. Petrodvorets supports the local newspaper and helped establish a local
television channel to service local residents.

Social welfare and privatization as local legislative priorities are not holdovers from the
past. The priority given to social welfare legislation in Petrodvorets firmly places this function
as a local one. The initiatives consisted mainly of public assistance measures. Privatization legislation focused on privatization of housing and the distribution of privatization checks. Local governments are responsible for privatizing local property, including housing, according to central legislation.

Legislative priorities changed in Petrodvorets between 1992 and 1993 (Table 3) and indicate a greater local priority for shaping the urban environment. In 1993, increased priority was given to urban development (46 per cent of economic resolutions) and to social welfare (16 per cent of economic resolutions). Significant relative declines were seen in attention given to organizational matters (from 20 to 9 per cent in 1992 and 1993 respectively) and to privatization (from 9 to 4 per cent in 1992 and 1993 respectively). This is due to a steep decline in the monitoring of economic decisions. The decline in attention to privatization, however, is countered by an increase in the attention given to leasing and property transfer in the urban development category. The increased attention to social welfare is mainly due to additional legislative attention given to health matters; this supports the information given by the District Soviet Chairman that health was a major priority of the district soviet.

Petrodvorets has also taken some significant initiatives in the political realm. Although the vast majority of political legislation is organizational in nature, (i.e., dealing with personnel matters in the government), a small portion does focus on territorial identity (Table 3). Territorial identity legislation in Petrodvorets during 1992 was comprised mainly of place name changes, public celebrations (public morale), and specification of local borders. In 1993 legislation focused on establishing local monuments and on public celebrations. Also during this period, the local soviet set legislation in motion at the federal level to re-establish the pre-revolutionary name of the town as Peterhof. Local documents refer to the district now interchangeably as Petrodvorets, Peterhof, the district and the town (gorod). By making territorial identity a local priority, the local government is establishing its influence over activity within the jurisdiction and is engaging in place advertisement.

**Conclusion**

Several aspects of local government functions and initiatives in local economic development remain stable from the Tsarist period through the post-Soviet period. Local government functions throughout Russian history have centered on the provision and maintenance of living standards. Both Tsarist and Soviet local governments functioned as managers of central directives and policies having a minor formal policy making role. Neither Tsarist nor Soviet local governments had the capability to form industrial development policies or directly influence the location of economic activity. The lack of independent tax or
expenditure functions severely limited the local government role in shaping the urban or local economic environment. They are areas, however, in which the Russian local governments have gained considerably in the post-Soviet era.

Major social and economic restructuring at the central and local levels allowed for concomitant restructuring in local government function during the latter years of both the Tsarist and Soviet periods. Growing fiscal independence and growing ability to manage land-use policy and to influence directly the economic management of local industries distinguish the post-Soviet local government from those that came before. The new local government functions represent significant decentralization of authority and responsibility in the system of government.

The current local emphases on urban development, social welfare and place recognition as independent legislative priorities and initiatives in Petrodvorets contrasts with the formal functions of the past. These new priorities also increase the local government capacity to construct or improve infrastructure and influence job creation or job loss.

Increased local responsibility for social welfare represents continuity with the Tsarist period but a break with the Soviet period. During the Soviet period, social welfare was connected to place of work almost more than place of residence. In the post-Soviet period, economic restructuring at the central level has lead to a restructuring of the location of the provision of social welfare. The local government has increased its responsibility in this area as higher levels of government focus on other issues. This means that in the near future, the well-being of the population will depend to a large degree on the economic priorities of the local government and the ability of the local government to accumulate investment funds and make public expenditures. This statement assumes that the central government will continue to de-emphasize its commitment to social welfare in favor of dealing with macro-economic issues such as inflation, and that local governments will continue to implement central policy with relatively little oversight from the central government. Although economic stabilization of macro-economic conditions has welfare consequences, it is unclear whether or not the benefits of stabilization will accrue to individuals throughout Russia. Even when economic stabilization is achieved, new patterns of central-local relations and new areas of local government responsibility will have emerged that will change both the formal and the informal ways of governing in Russian cities.
THE Emergence of LOCAL GOVERNMENT in RUSSIA:
ST. PETERSBURG RAION CASE STUDY

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THE EMERGENCE OF LOCAL GOVERNMENT IN RUSSIA

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Features of the Soviet system, such as democratic centralism, nomenklatura appointments, and the centrally planned, command economy heavily weighted the relationship between the central, regional, and local governments in favor of the central government. During Gorbachev’s perestroika, the central government began to concede political and economic power to the republic and regional governments and individual firms; this became known as political and economic decentralization. The centrally initiated decentralization quickly devolved into a drive for autonomy and sovereignty lead by republics, regions, and even cities. The ensuing conflict between the Soviet central government and regional governments and the economic disarray are viewed as major reasons for the collapse of the former Soviet Union (FSU). Areas of conflict included central investment, the payment of taxes, and the general management of social and economic policy.

The political and economic collapse of such a highly centralized system is most keenly felt and, perhaps, best analyzed at the local level. The day-to-day drama of transition occurs at the local level. For example, the economic collapse resulted in job loss and unpaid wages in particular places thus localizing the impact, (e.g., when a tank factory stops production this influences a group of people living and working in a particular city). The political decentralization meant that government bodies, unaccustomed to acting independently, had to increase their initiative in order to provide the same level of goods and services to the local population that had been provided under the centralized system. In places where the local government did not take on these responsibilities, the population was at risk of going without basic services such as running water, heat, and retail sales of food.

During the Soviet period, local government officials were part of two centralized hierarchies -- the government and the communist party. The spatial structure of cities and the urban economy in Soviet Russia was shaped, in a large part, according to the needs of central institutions and the national economy rather than according to the needs of the urban economy or local population (see literature on the "Soviet city" including Bater, 1980; Cattell, 1968; French and Hamilton, 1979; Hahn, 1988; Jacobs, 1983; Morton and Stuart, 1984; Ruble, 1990; Shapovalov, 1984, Taubman, 1973). Research has shown, however, that local governments could and did influence the central bodies that ultimately controlled local development (Bahry; 1987; Hough, 1968; Ruble, 1990).
After the breakup of the FSU, the process of the functional separation of local government from central government began. The process included the reallocation of functions and responsibilities between levels of government. As such, locally-elected government officials began to form urban development policies and priorities using parliamentary means (local soviets and malyi soviets) and executive power. [The parliamentary institutions were dissolved in Fall 1993 by President Yeltsin.] The malyi soviets were the operational arm of the larger local soviets and met about twice a month. One of their primary responsibilities was monitoring the budget and other expenditures. At times the parliamentary institutions worked in concert with the central government representatives at the local level (centrally-appointed executives) and at times in conflict with them. Important changes with respect to local government rights and responsibilities occurred during the immediate post-Soviet period that allowed urban development to become a local policy concern of both the executive and legislative branches. This change had important implications for changing the spatial structure and direction of the urban economy. In addition, the change also set in motion a process of regional variation of policy formation and implementation that had not existed at the same scale during the Soviet period.

The changes were caused, in part, because local government officials, both elected and appointed, began to use policy tools that resembled, but were not identical with, those of their counterparts in capitalist democracies (e.g., limited right to taxation and formation of independent expenditure policy). Local governments in Russia began to construct urban development policies that reflected their own priorities (e.g., housing construction or health expenditures). The geographical consequences of the ability to construct local policies include influencing interregional and intraregional variation of the provision of public goods and services and the location and growth of economic activity. It is now likely that some cities will have vastly better mass transit systems, educational systems, or recreational facilities than other cities. The availability of employment and type of employment, such as manufacturing or services, will also vary by city according to local government policies. Local governments now have the potential to influence directly geographical processes such as population migration and employment patterns that will change the economic geography of Russia.

Some cities are more actively involved in forming development priorities and using policy tools than others. It is very difficult at this time to evaluate which cities are more reform-minded than other cities. Few studies have been conducted, in part, because of the limited availability of information and the vast data requirements to study the topic. Several studies at the regional level have suggested that fiscal pressures, the election of reform-minded
politicians, and the presence of a large non-Russian population contribute to increasing regional (and urban) government initiative (Mitchneck, 1995; Petrov et al., 1993).

This paper places the evolution of Russian local government within an historical context beginning with Tsarist Russia. Then using a case study of an urban district in St. Petersburg, Petrodvorets (Map 1), the study examines the changing functions of local government, local government initiatives in urban development, and inter-governmental relations during the post-Soviet restructuring period. A previous case study established that city government in Yaroslavl', an industrial city in central Russia (Map 2), manipulated the formal and informal budgetary systems to carve out independent expenditure policies and urban development priorities (Mitchneck, 1994). That case study also traced fiscal decentralization to the urban level and recentralization within the city itself (Mitchneck, 1994). The current study finds evidence of economic and political behavior at the district level in St. Petersburg that corresponds to the behavior of Yaroslavl' city government. Urban districts are one government level below cities and are subject to city policies. Like Yaroslavl' city, districts in St. Petersburg, however, are subject to the political and economic actions of two levels of higher government -- in this case the city of St. Petersburg and the federal government. [N.B. The St. Petersburg mayor, Anatolii Sobchak has actually been pressing for the creation of a U.S. style municipal government system in Russia.] Evidence is provided in this paper that behavior similar to that of the Yaroslavl’ city government emerged in another region and in an administrative unit of differing status. Fiscal decentralization and the evolution of local government initiative has occurred at several levels of the urban hierarchy in Russia and thus changed the nature and the shape of the urban environment in Russia.

Although the focus here is on changes in the urban environment, local government changes also influence rural places. For example, greater local fiscal responsibility leaves many rural settlements without funds for development due to the unprofitable nature of agricultural activities given pre-existing Soviet price structures. On the positive side, however, rural local governments could play an extremely important role in the land reform process and privatization of agriculture.

HISTORICAL BACKGROUND: TSARIST RUSSIA AND SOVIET RUSSIA

Russian local government played a small role in town and regional development and planning in Tsarist Russia and in the FSU relative to their Western counterparts. Local government in both Tsarist Russia and Soviet Russia traditionally had the greatest influence over the planning of economic activity pertaining to standards of living, not to industrial location. There was thus a functional separation between social welfare and economic growth.
Map 1: The St. Petersburg Region

- Finland
- Lake Onega
- Lake Ladoga
- Gulf of Finland
- Estonia
- Latvia

Legend:
- ■ St. Petersburg City area
- - - St. Petersburg Metro area
- - - Leningrad Oblast
Both Tsarist and Soviet local governments were subject to a hierarchical political system in which they were clearly at the bottom of the hierarchy. The Soviet local government administered central directives from above for urban development and brought local interests to the attention of higher authorities. The Tsarist local government was also subject to central directives from above. Many similarities existed between the Tsarist and Soviet local governments in Russia including functions, ability to initiate development activities, and central-local relations.

Pre-revolutionary Tsarist Russian Local Government

The Russian system of government was highly centralized and served the function of protecting central resources. Local self-government did not exist such that it could take meaningful, independent action in the area of economic development. The local government (village or town) existed essentially to support the interests of the central government and of the nobility and gentry. Historians of Tsarist Russia refer to local government bodies as local administration not as local government (e.g., Miller, 1967 and Starr, 1972). This may seem like a mere semantic difference, however, given local functions at that time, administration appears more appropriate than government.

During the 18th century reign of Peter the Great, local government functions consisted of collecting taxes, insuring labor service, and administering land distribution (Starr, 1972; Vinogradoff, 1979). No independent tax function existed, however, during the 17th, 18th, or 19th centuries; fiscal activity was highly centralized (Starr, 1972). Evidence of the extreme centralization of this government function is that from 1830 until 1870 fiscal records were not maintained at the provincial level (Starr, 1972). The lack of independent fiscal policy or responsibility at the local level indicates that local authorities did not have the means to form and implement policy different from that of the central government; it also demonstrates the centralized nature of the system. If legal independent action had existed, then independent accounting would have resulted.

Large-scale restructuring of government in Tsarist Russia occurred as a result of great social change, the emancipation of the serfs in 1864. The emancipation restructured the nature of local labor conditions and central-local government relations such that a new form of local government was introduced in selected provinces in 1864 -- the Zemstvo. The elimination of the previous social and political system dominated by the nobility left a gap that had to be filled in order to continue the administration of central directives. The Zemstvo was established as a parliamentary form of government with an executive. It was defined as "a local administration which supplements the action of the rural communes, and takes cognisance of
higher public wants, which individual communes cannot possibly satisfy," (Miller, 1967). The Zemstvo was a form of rural government and government outside of the large cities.

The Zemstvo mainly functioned in the economic realm. As before, the new form of government was responsible for tax collection and land management. Additional economic functions, however, set the Zemstvo role firmly in the realm of regional development. The Zemstvo was responsible for the construction of roads and canals, communication, insurance, hospitals, fire protection, primary education, enlightenment, housing for soldiers, and food sufficiency including famine warning and protection (Miller, 1967; Vinogradoff, 1979). Vinogradoff (1979) notes that assisting the poor was the responsibility of the village communities but was shared with the church. In addition, the Zemstvo was supposed to provide assistance to local industry and commerce (Vinogradoff, 1979). Additional budgetary expenditures were also made on transportation, banks, the water supply, bakeries, pharmacies, and saw mills (Miller, 1967). These functions are a mix of the economic infrastructure and the retail system. Some responsibility for economic growth, as well as social welfare, came to local government at this time. But the Zemstvo had few financial resources with which to fund the expenditures. The Zemstvo received revenues from a tax on immovable property, duties, grants, income from capital and property of the Zemstvo, and taxes on trade and on industry (Miller, 1967). Tax arrears became a problem during this period and local indebtedness increased (Miller, 1967).

Due to the parliamentary structure of the Zemstvo and some institutional participation in the democratic movement in the nineteenth century, a popular notion arose that the Zemstvo represented the democratic ideal for local government. Several historians take issue with this claim and examine in detail the nature of the activism and initiative of Zemstvos (Fallows, 1982; Manning, 1982). Manning (1982) argues that the Zemstvo did not act independently of the central government or initiate action until the mid-1890s; these initiatives came in the form of protests to the central government over its military policies (Manning, 1982). In other words, as with the original introduction of the Zemstvo form of government, a structural change in the relations between levels of government was brought about by dramatic social or political events, i.e. by the strong protests. Manning (1982) notes that during a ten-year period from 1907 until the revolution in February 1917, Zemstvos worked together with the central government to increase the authority of local government.

Fallows (1982) examines the nature of the Zemstvo protests to the central government Senate. This analysis provides information on both the nature of conflict between levels of government and the areas where Zemstvos most actively sought independence. The study of
protests to the Senate shows that the majority of protests between 1890 and 1904 related to taxation (35%) and the budget (11%). In each year other than 1893 and 1897, disputes over taxes were the most numerous (Fallows, 1982). Initiatives within the formal system, then, appear to have focused on fiscal issues and perhaps on the independence of fiscal action.

Historians agree that there was a certain level of central-local conflict inherent in the structural relations of the levels of government and administration (Fallows, 1982; Manning, 1982; Starr, 1982). The above-noted study by Fallows (1982) characterizes the nature of the central-local dispute as one over the distribution of tax revenues. Also, Zemstvos worked in "harmony" with the regional level of government while maintaining adversarial relations with central ministries (Fallows 1982). Manning (1982) describes central-local conflict during the 1905-1907 period as targeted towards the dissolution of the Second Duma, the central parliament credited with radical or liberal tendencies. Central-local conflict thus seemed centered on the management of the local economy.

Soviet Russian Local Government

The role of local government in urban development in Soviet Russia had certain similarities of function and relations with higher levels of government with the prerevolutionary system. The local soviet (or council) was generally responsible for the provision of goods and services to the local population and for monitoring the economic activity that occurred in its city. The monitoring function was meant to guarantee that central economic production targets were met. The Soviet system of central planning added the monitoring function as a means of insuring that activity between ministries was coordinated.

The formal economic responsibilities of city and district governments were similar but not identical with those of the Tsarist local government. They were limited to the areas of public utilities, housing, mass transit, education, culture, health, and the retail system (otherwise known as the communal economy and the non-productive sectors of the economy). Most urban government expenditures were made on the communal economy. In the early 1980s, these areas comprised 98 per cent Moscow city expenditures (Shapovalov, 1984). In other cities, socio-cultural and urban economic expenditures also comprised about 98 per cent of total expenditures (Ross, 1987).

Also like the Tsarist local government, the city and district governments were responsible for making expenditures related to urban development and the local economy, although they did not have independent decision making authority to determine their own priorities or influence the direction of the local economy. The limitation of local authority and decision making was significant because external decisions, made by bodies that were not responsible for local infrastructure, influenced demand for local services. Local responsibility
did not include planning for economic growth. The formal sphere of influence of city government remained in those areas that influenced the development and maintenance of social overhead capital and the welfare of the population with only limited responsibility for economic overhead capital and the industrial sector (i.e., local economic growth).

Although Soviet urban governments managed the daily social and economic needs of the Soviet population, the urban governments were not independently responsible for capital investment in urban infrastructure as cities in capitalist democracies are. The urban governments were subject to decisions made by central ministries and departments about the location of economic activity. For example, in many new cities constructed by Soviet industrial ministries, decisions concerning local employment, service establishments, and many other infrastructural areas for which the local governments were responsible were made without local government input (Taubman, 1973).

National priorities, rather than local priorities, were a main determining factor in the urban development of Soviet cities and districts within cities. Local governments were not entirely irrelevant to the urban development process. Research has focussed on the informal networks through which urban development was managed. Findings from this research suggest that local government did more than act as the simple administrative apparatus of higher levels of government, but could and did act in its own interest or that of its community (e.g. Hough, 1969, Bahry, 1987; Ruble, 1990). Local authorities could indirectly influence urban development by lobbying for additional funds to construct needed infrastructure, such as housing or cultural facilities, or for the location of an enterprise that would increase local employment and incomes.

**Local Government in the Post-Soviet Russia**

During the transition period, local government has begun to set urban policy agendas according to its own perceived social and economic needs. A new balance between national and local priorities is being carved out at every level of government. Local governments, however, still have relatively little formal control over the formation of their budgetary revenues and the composition of budgetary expenditures, thus limiting local independence. The revenue and expenditure plans are still formed and approved by higher levels of government. Substantial evidence of growing independence in the spheres of local tax and expenditure policies and mounting initiative by local government is available, however, within the informal budgeting system and within local legislation (Berkowitz and Mitchneck, 1992). A case study of Yaroslavl' city government shows that city government has pushed the formal boundaries of authority and responsibility into non-traditional areas, mainly due to their manipulation of the formal budgetary system (Mitchneck, 1994). Within this context, local governments can form
their own priorities for urban development and the local economic activity. Yet, constant reports of local tax arrears is evidence of central-local conflict, as it was during the Tsarist period.

Despite new legislation, the formal political and economic responsibilities of local government remain firmly in the area of supporting and maintaining social and economic infrastructure as during the Soviet and even Tsarist Russian periods. The formal areas of authority were carried over into the Russian structure of local government in the post-Soviet period as evidenced by the distribution of state property during 1992. The city and district governments retained property and enterprises involved in the communal economy and the retail system while, the oblast, the immediate higher level of government, received property belonging to the productive or industrial sector of the economy. This gave the oblast access to higher tax revenue levels because theoretically the industrial sector would be income generating. (This however does not take into account the problems associated with tax collection during periods of economic shock when production declined or ceased such that little revenue was produced). The oblast also has more direct influence over economic growth.

Structural changes have occurred since 1992, the first year after the breakup of the FSU, that set the legal framework for new authority at the city level through a substantial redistribution of fiscal powers. The recent fiscal decentralization allows for local public policy formation and the increased participation of local government in the economy. The central government passed new legislation on taxation and local government that broadened local power and authority. Russian Republic laws from 1991 and 1992 give broader fiscal rights to administrative units below the republic level.¹ These laws were largely not implemented, however, until after the breakup.

Elements of independent fiscal policy are evident in an examination of the local budget in a case study of Yaroslavl that indicate that the economic role of local government has grown and that the local government itself, not the central government, is pushing the boundaries of political and economic influence over territorial-administrative jurisdictions.

¹ See Sovetskaya Rossiya, December 30, 1990, FBIS-SOV-91-003, 7 January 1991, and Ekonomicheskaya Gazeta No. 11 March 1992 for laws on increased ability for the local level to tax, and Zakon "Ob obschchikh nachalakh mestnogo samoupravleniya i mestnogo khozyaystva v SSSR" [USSR law "On basic principles of local self-management and local economic activity", Izvestiya, February 16, 1991, p. 2 for additional rights given to the local level.
The increasing importance of off-budgetary revenues and expenditures,² the creation of one budget for the city of Yaroslavl' rather than one for each district plus the city budget, and the city-level subsidies to both the population for the social safety net and to enterprises for propping up the local economy, represent significant changes in the economic role of local government during the transition period (Mitchneck, 1994).

Yaroslavl’ city redefined both its economic role vis-a-vis central authority and its territorial power by independently forming revenues outside of the formal budget and by creating new areas of fiscal responsibility with its budgetary and off-budgetary expenditures. The city moved from using budgetary revenues to finance limited elements of social infrastructure to financing the industrial sector of the economy with subsidies, credits, and loans. The city also took on the role of financing the social safety net above and beyond the criteria set by the central government. Many similar elements are found in the Petrodvorets case study.

ST. PETERSBURG DISTRICT CASE STUDY

This case study analyses the development of local government in St. Petersburg from 1992 through 1993 to determine the extent to which local government could independently influence urban development and participate in the local economy. These two years represent the immediate transition from the Soviet Union to an independent Russia. The time frame of the case study covers the nearly two years of experimentation with fiscal decentralization and the formation of local self-government immediately after the breakup of the former Soviet Union. In Fall 1993, the district soviets were abolished in St. Petersburg by President Yeltsin's decree and also by the mayor of St. Petersburg, Anatolii Sobchak. The district soviet deputies were locked out of their offices and the district soviet bank accounts were frozen. These actions ended the Soviet legacy of elected representative local government at the district level in St. Petersburg. The abolition of the district soviets was one chapter in the lengthy debate and struggle within St. Petersburg over the establishment of "western-style" urban government. In March 1994, several districts were consolidated to further streamline urban government.

The case study is derived from local government documents and budgets that were collected during two field trips to Petrodvorets in June 1992 and September 1993, immediately prior to the abolition of the local soviets. The documentary data are supplemented by extensive

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² Laws set the formal boundaries for what is included in the budget that the parliament or soviet passed. Additional revenues outside the formal budget accrue to the city in the form of fines and penalties (e.g., for late tax payments or traffic fines). These revenues are called off-budgetary or extra-budgetary and can be used to make expenditures that do not appear in the formal budget that the soviet passes.
interviews with local government officials in both the legislative and executive branches of
government at the district level.

St. Petersburg was divided into twenty-four districts in 1993, including eight satellite
cities. Petrodvorets is a satellite city (sputnik gorod). Satellite cities are small towns that are
directly under the jurisdiction of the central city rather than the oblast or provincial
government. They are often not contiguous with the central city, as is the case with
Petrodvorets, and were often independent cities at some point in history. The subordination to
St. Petersburg is usually tied to some feature of the economy of the satellite city that gives it
national priority. Petrodvorets is the home of Peter the Great's Summer Palace (also known as
Peterhof) and the home of dozens of other palaces from the Tsarist period. The palaces are
major tourist and historic sites, considered national treasures. There are also three military
training centers there.

Petrodvorets is located along the Gulf of Finland about a forty-minute drive from the
center of St. Petersburg. In order to reach Petrodvorets one drives out of the historic city
center, past the ring of the tall, modern apartment buildings still within the borders of St.
Petersburg, and then through several small towns in Leningrad Oblast before reaching
Petrodvorets. Direct transportation between Petrodvorets and St. Petersburg is limited to
private car, the commuter railroad, and the hydrofoil to the Summer Palace used by tourists.
The closest metro station is about a ten or fifteen minute drive in a car. The district does have
bus routes.

Petrodvorets was an independent town until 1936 when it was placed under the
jurisdiction of St. Petersburg. In 1989 at the first session of the newly-elected district soviet,
the Petrodvorets soviet passed a declaration of intent to be independent from St. Petersburg and
to determine the future course of development (September 1993 interview with Nikolai
Ul'novich Marshin, Chairman of district soviet). The local government declared its intention to
develop as a scientific, cultural, tourist, and humanitarian center. At present, the economic
base of Petrodvorets is tourism with a small industrial base consisting of five factories (several
related to the military industrial complex and a large watch factory).

The weak industrial base, the importance of low priority activities such as recreation and
tourism, and the presence of the troubled military sector combine to produce less than dynamic
economic conditions that are mirrored in the demographic situation of the district. The district
is currently a bedroom community for St. Petersburg with a January 1, 1993 population of
82,900, an increase of about 6,000 since 1987 (77,100) but a decline since 1990 (Table 1). By
decision of the St. Petersburg city government, new housing construction over the past twenty
years occurred to provide housing for the overflow population from St. Petersburg.
Table 1
Demographic Data for Petrodvorets

<table>
<thead>
<tr>
<th>Year</th>
<th>Population as of January 1</th>
<th>In-migrants</th>
<th>Out-migrants</th>
<th>Net migrants</th>
<th>Births</th>
<th>Deaths</th>
<th>Natural Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988</td>
<td>76,800</td>
<td>8100</td>
<td>5500</td>
<td>407</td>
<td>989</td>
<td>1356</td>
<td>-367</td>
</tr>
<tr>
<td>1989</td>
<td>80,200</td>
<td>5907</td>
<td>4020</td>
<td>1887</td>
<td>869</td>
<td>1387</td>
<td>-518</td>
</tr>
<tr>
<td>1990</td>
<td>83,500</td>
<td>4268</td>
<td>3576</td>
<td>692</td>
<td>821</td>
<td>1446</td>
<td>-625</td>
</tr>
<tr>
<td>1991</td>
<td>83,800</td>
<td>3526</td>
<td>4878</td>
<td>-1352</td>
<td>885</td>
<td>1337</td>
<td>-452</td>
</tr>
<tr>
<td>1992</td>
<td>83,800</td>
<td>3779</td>
<td>4131</td>
<td>-352</td>
<td>618</td>
<td>1529</td>
<td>-911</td>
</tr>
<tr>
<td>1993</td>
<td>82,900</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
<td>na</td>
</tr>
</tbody>
</table>

Source: Petrodvorets government documents.
Petrodvorets had been a place of net in-migration until 1991 when the district began to lose population due to out-migration (Table 1). The district also consistently loses population due to natural decrease -- in 1992 the crude birth rate was 7 per 1000 while the crude death rate was 18 per 1000. St. Petersburg as a whole also began to lose population due to net out-migration and natural decrease during this time (Mitchneck and Plane, 1994).

District Government

Each district in St. Petersburg had its own government and its own budget. In addition to the legislative branch, each district had an executive branch of government where the executive was elected by the soviet and approved by the executive or mayor of St. Petersburg. These two branches of local government were, in theory, to provide checks and balance in governance. The legislative branch, being popularly elected, represented democratic, self-government. The soviet was to set broad policy both independently and within frameworks mandated by higher levels of government (i.e., St. Petersburg and the federal government), while the executive was to implement policies the soviet established. The de facto situation of governance often diverged from the theoretical: the two branches of local government did not always work in harmony and the origin of the local policies was often unclear.

Examination of changing local government functions, local economic development initiatives, and inter-governmental relations yields valuable new information on the formation of local government in Russia and its role in urban development during the transition period. The formal budgets give a clear idea of the formal responsibilities and of changing functions over time of the local governments. The local initiatives in the urban economy show a self-defined economic role and are found in the use of off-budgetary revenues. (surplus revenues and extra-budgetary funds), and in the formation of local policy priorities. Evidence of initiative was found in local government legislation and the resolutions from meetings of the malyi soviet. Information on inter-governmental relations clarifies the origin of decisions that influence the urban economy. Expenditure priorities can change according to who makes the policy. Information on the nature of relations with higher levels of government was also found in the malyi soviet legislation, in the form of legal protests for example. Interviews with local officials also yielded information on inter-governmental relations.

Local Government Functions

Budgetary information from Petrodvorets from 1991 into 1993 show the transition from Soviet formal budgetary practices and economic function to Russian ones. The actual ruble expenditures are not particularly useful for analyzing local government functions and priorities. Due to extremely high inflation levels during this time, ruble values are not comparable over time; thus the actual ruble amounts give less information than the percentage distribution of the
Table 2

Petrodvorets Actual Budgetary Expenditures

<table>
<thead>
<tr>
<th>Expenditure Items</th>
<th>Thousands of Rubles</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing and communal economy</td>
<td>8609</td>
<td>84261</td>
</tr>
<tr>
<td>Maintenance of lifeguard stations</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other communal economy</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Socio-cultural expenditures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>16680</td>
<td>130122</td>
</tr>
<tr>
<td>Youth Affairs</td>
<td>100</td>
<td>2346</td>
</tr>
<tr>
<td>Culture</td>
<td>1069</td>
<td>5733</td>
</tr>
<tr>
<td>Health</td>
<td>9335</td>
<td>76358</td>
</tr>
<tr>
<td>Physical culture and sports</td>
<td>4</td>
<td>70</td>
</tr>
<tr>
<td>Youth policy</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Social assistance</td>
<td>201</td>
<td>1893</td>
</tr>
<tr>
<td>Government**</td>
<td>855</td>
<td>12508</td>
</tr>
<tr>
<td>Law-enforcement organs</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>268</td>
<td>4433</td>
</tr>
<tr>
<td>Chernobyl' related</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Compensation</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Reimbursement for school uniforms</td>
<td>2617</td>
<td>35035</td>
</tr>
<tr>
<td>Budgetary loans</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Settlements with higher budgets</td>
<td>37400</td>
<td>80</td>
</tr>
<tr>
<td>TOTAL EXPENDITURES</td>
<td>77138</td>
<td>352849</td>
</tr>
</tbody>
</table>

*1993 includes 8958 for fund for unforeseen expenditures.
**Includes deputy, soviet, and administration activity.

Source: Petrodvorets government documents.
Figure 1.a Percentage Distribution of Petrodvorets Budgetary Expenditures, 1991
Figure 1.b  Percentage Distribution of Petrodvorets Budgetary Expenditures, 1992
expenditures. The percentage distribution indicates the relative importance of an expenditure in terms of function and priority.

In 1991, the last year of the Soviet Union, budgetary expenditures of Petrodvorets were qualitatively as well as quantitatively different than during the first two years of an independent Russia (Table 2). The single largest expenditure in both absolute and relative terms in 1991 was made to higher level budgets (Table 2 and Figure 1.a); 48.5 per cent of 1991 budgetary expenditures was made to higher levels of government most likely as partial reimbursement for expenditures made by those levels on behalf of the local government. In any case, this large amount signifies the dependence that Petrodvorets had on St. Petersburg. The next largest group of 1991 expenditures was made on socio-cultural expenditures with the two largest being in education (21.6 per cent) and health (12.1 per cent). The fourth largest expenditure and last major expenditure item was on housing and the communal economy (11.2 per cent).

The structure of the 1991 budget was relatively simple. The 1992 budget, the first in the new system, shows a restructuring of the functions of the district government as well as a more fiscally responsible local government during the transition period. Table 2 and Figure 1.b show that relative spending priorities changed substantially at the local level with the highest proportion of expenditures made locally on education (36.9 per cent), housing and communal economy (23.9 per cent), and then health (21.6 per cent). These trends hold stable and even intensify in the first six months of 1993 with education being 48.9 per cent of budgetary expenditures, health 21.0, and housing and communal economy 19.4 per cent. The relative change between housing and communal economy and health is probably not significant in that the data only show half a year. The increases do not necessarily mean that more funds are allocated to these expenditure items because we do not have the information on expenditures in Petrodvorets by the St. Petersburg government; but the focus on expenditures in health, education, and housing and communal economy show the formal local priorities. These three areas are areas of traditional local responsibility stretching back in time to the Tsarist period of Russian history.

The new budgets show substantial continuity with the past in terms of local government functions. There are, however, other less noticeable changes in the formal budgets that show the increased local urban development role through fiscal decentralization and growing budgetary responsibility at the local level. The formal functions have changed to include social policy, local economic policy, and additional responsibilities in the local economy. First, the district increased its expenditure responsibility in the communal economy, making expenditures in 1993 that were made by St. Petersburg in the past. Petrodvorets made expenditures for law enforcement, previously a responsibility of St. Petersburg and not a local responsibility (Table
2). This shows some fiscal decentralization in the expenditure sphere. Second, the law enforcement expenditures also represent local initiative, because the district created its own local police force in 1992 using independent revenue sources. Third, similar budgetary initiative is seen in the inclusion in the formal budget in 1992 expenditures on the Bureau on Youth Affairs. This bureau was created to function as a type of community center for the district’s youth. This was also created in 1992 on the basis of local initiative using locally accumulated revenue sources. A fourth formal budgetary change occurred in 1993 with wage compensation added to the local budget. Compensation is a category of social welfare where expenditures are made usually on wage compensation for price increases for food and children’s clothes. Other levels of government also funded wage compensation. But like Yaroslavl’, Petrodvorets attempted to increase compensation and public assistance. A fifth significant change is the beginning in 1993 to make loans from the local budget to support local economic activity. This was done because of enabling legislation at the level of St. Petersburg city. Despite the substantial continuity with the past for the formal functions of local government, significant changes in local governance did begin to occur immediately after the disintegration of the former Soviet Union, often at the initiative of district government, showing priorities in some new areas of urban development.

Local Government Initiatives

Local government initiatives are an important area for seeing the changes in local government responsibility in the urban economy during the transition. Such initiatives can vary greatly across space, in part, because of differential ability to form budgetary surplus and extra-budgetary revenues. In the Soviet period, the local government did not independently determine the structure of expenditures from these two sources. The local government did not accumulate investment resources for such expenditures, but would negotiate with higher levels of government and/or enterprises and ministries that functioned on their territory for such unplanned expenditures. One official explained that in the past, they would seek sponsors rather than funding (and fending for) themselves. On one hand, the previous system was easier because it relied solely on negotiation talents to win higher level patronage, while the new system required independent financial expertise and management. On the other hand, in the previous system independence of action was severely curtailed, while in the new system independence was fostered.

Information on local initiative and legislative priorities is culled from interviews, hundreds of local government resolutions, and a data base constructed from resolutions. The data base consists of two major categories - political and economic. Each category is then subdivided; political resolutions are categorized into organizational, territorial identity or the
environment. Organizational consists mainly of personnel matters, monitoring, elections, and legislative issues including protests and inquiries. Territorial identity includes local awards, borders, monuments, place name changes, and public morale. The economic category is subdivided into agriculture, the budget, industry, organizational, privatization, social welfare, trade/commerce, and urban development. This level of detail gives more specific information on the nature of the local government role in the urban economy than do general budgetary categories.

Already mentioned above are several examples of local government initiative, most of which occurred in 1992. In 1993, the situation changed substantially with respect to local initiative. The local government changed from a proactive stance to a planning one. The fiscal situation of the district was troubled; Petrodvorets was one of several districts that received subsidies from St. Petersburg. The St. Petersburg planned budget shows that about half of the districts were to receive budget subsidies in 1993; while local government officials said that by September 1993, Petrodvorets was one of four subsidized districts in St. Petersburg. The data base supports the lack of budget surplus in both 1992 and 1993. The topic does not appear in any resolution over the two year period, although the Chairman of the District Soviet, Nikolai Ul'novich Marshin, asserted that one hundred million rubles from surplus revenues were spent on the health sector.

For Petrodvorets, initiative using revenues from extra-budgetary sources was also curtailed. The few initiatives funded in 1992 used extra-budgetary revenues. But such funds decreased substantially between 1992 and 1993 because tax fines were no longer extra-budgetary. In addition, the soviet reportedly lost its access to extra-budgetary funds due to "scandals" and conflict with the executive branch. No accounting of 1993 extra-budgetary revenues or expenditures apparently existed or was not available even to workers in the executive branch. Such accounting usually appears in the malyi soviet resolutions. With the loss of extra-budgetary funds, the district lost some ability to construct independent expenditure policy for urban development or even to have substantial influence over spending.

Initiative in planning for future economic development is evident in several ways. First, in line with its declaration to be a tourist center, the district formulated plans to build an international conference hotel and chose two pre-revolutionary buildings as potential sites. Second, both the soviet and the executive contracted with separate consultants to draw up new general plans for land use and urban development. This second planning initiative is indicative of the competition and conflict that has existed between the executive and legislative branches in Petrodvorets. The situation has caused duplication of work and additional expenditure of scarce resources.
The data base information highlights areas of legislative priority and potential initiative for local government. In Petrodvorets, the economy was of greater priority than political issues (Table 3). Over 60 per cent of local legislation focussed on the economy rather than on political issues. Within the economic realm, local legislation in 1992 was aimed mainly at issues related to urban development (34 per cent), the budget (22 per cent), organizational (20 per cent), social welfare (11 per cent) and privatization (9 per cent). Urban development legislation focussed on infrastructure (including housing and transportation), land use, capital improvements, property transfers, socio-economic planning, mass media, and leasing. These are new functions for local government. In the past, land use, property transfer and leasing of property were central, rather than local, functions. They are currently in the local realm due to federal law, but each local government implements that law differently. Mass media and local television programming is a new function at the initiative of the local government. Petrodvorets supports the local newspaper and helped establish a local television channel to service local residents.

Social welfare and privatization as local legislative priorities are not holdovers from the past. The priority given to social welfare legislation in Petrodvorets firmly places this function as a local one. The initiatives consisted mainly of public assistance measures. Privatization legislation focussed on privatization of housing and the distribution of privatization checks. Local governments are responsible for privatizing local property, including housing, according to central legislation.

Legislative priorities changed in Petrodvorets between 1992 and 1993 (Table 3). By 1993 shaping the urban environment became a local priority. Increased priority was given to urban development (46 per cent of economic resolutions) and to social welfare (16 per cent of economic resolutions). Significant relative declines were seen in attention given to organizational matters (from 20 to 9 per cent in 1992 and 1993 respectively) and to privatization (from 9 to 4 per cent in 1992 and 1993 respectively). This is due to a steep decline in the monitoring of economic decisions, from 42 resolutions in 1992 to only 4 in 1993 and in the attention given to the privatization of housing. The decline in attention to privatization however is countered by an increase in the attention given to leasing and property transfer in the urban development category. Leasing and property transfers are two ways the local government can directly influence land use and economic activity. The increased attention to social welfare is mainly due to additional legislative attention given to health matters; this supports the information given by the District Soviet Chairman that health was a major priority of the district soviet. Many local officials spoke of problems with the distribution of medicines.

Petrodvorets has also made some significant initiatives in the political realm. Although
### Table 3
Data Base Accounting for Petrodvorets

<table>
<thead>
<tr>
<th>Category</th>
<th>1992 Number</th>
<th>Percentage</th>
<th>1993 Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>283</td>
<td>100</td>
<td>180</td>
<td>100</td>
</tr>
<tr>
<td>Agriculture</td>
<td>5</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Budget</td>
<td>62</td>
<td>22</td>
<td>40</td>
<td>22</td>
</tr>
<tr>
<td>Industry</td>
<td>3</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Organizational</td>
<td>57</td>
<td>20</td>
<td>16</td>
<td>9</td>
</tr>
<tr>
<td>Privatization</td>
<td>25</td>
<td>9</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Social welfare</td>
<td>30</td>
<td>11</td>
<td>23</td>
<td>16</td>
</tr>
<tr>
<td>Trade/Commerce</td>
<td>7</td>
<td>2</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Urban development</td>
<td>95</td>
<td>34</td>
<td>83</td>
<td>46</td>
</tr>
<tr>
<td>Political</td>
<td>162</td>
<td>100</td>
<td>109</td>
<td>100</td>
</tr>
<tr>
<td>Environment</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Organizational</td>
<td>151</td>
<td>93</td>
<td>99</td>
<td>91</td>
</tr>
<tr>
<td>Territorial identity</td>
<td>11</td>
<td>7</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>Unknown</td>
<td>2</td>
<td></td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>448</td>
<td></td>
<td>293</td>
<td></td>
</tr>
</tbody>
</table>

Source: Petrodvorets *maliy soviet resolutions.*
the vast majority of political legislation is organizational in nature, (i.e., dealing with personnel matters in the government), a small portion does focus on territorial identity (Table 3). Territorial identity legislation in Petrodvorets during 1992 was comprised mainly of place name changes, public celebrations (public morale), and specification of local borders. In 1993 legislation focussed on establishing local monuments and on public celebrations. Also during this period, the local soviet set legislation in motion at the federal level to re-establish the pre-revolutionary name of the town as Peterhof. Local documents refer to the district now interchangeably as Petrodvorets, Peterhof, the district and the town (gorod). By making territorial identity a local priority, the local government establishes its influence over activity within the jurisdiction and engages in place advertisement.

*Inter-governmental Relations*

During the Tsarist era, cataclysmic social events, such as war and revolution, and major social restructuring, such as the emancipation of the serfs, served as catalysts to the restructuring of inter-governmental relations. In the post-Soviet period, the disintegration of the Soviet government and economic crises have contributed to the restructuring of central-local relations. Inter-governmental relations have clearly undergone restructuring during the transition period, in part, due to fiscal decentralization and the decentralization of other responsibilities discussed above.

The structural separation of local government from higher levels of government and local government from the communist party immediately after the disintegration was clearly a turning point for post-Soviet local government. The local function of administering central directives, characteristic of both the Tsarist and Soviet periods, is still theoretically in place such as is the case with mandated local privatization. But the conflict between branches of government and levels of government that culminated in the bloody events at the Russian Parliament in Fall 1993 underscore the reduced ability of the center to conduct local affairs. The conflict between the St. Petersburg government and the district governments as the city government attempted to reduce district level government is also indicative of increased local strength during the transition period.

In Petrodvorets, conflict between the St. Petersburg government and the district soviet is somewhat minimized due to the financial subsidization that Petrodvorets requires. However, some instances do exist. The city of St. Petersburg ignored the independence declaration by Petrodvorets. Some legal protests have been lodged between the district and city governments due to resolutions concerned with the management of the local economy, an area of conflict present in both the Tsarist and Soviet periods as well. Conflict between the executive and legislative branches of government in Petrodvorets is more prevalent than conflict with St.
Petersburg government. For example, in 1992, the local soviet had to take seven votes before an administrator could be agreed upon. Also, the competitive nature of the two branches is seen in the construction of separate development plans mentioned above.

In Petrodvorets, as in St. Petersburg as a whole, an unusual mixture of decentralization and recentralization has been occurring. In 1992, after the disintegration of the Soviet Union, fiscal decentralization began as well as the distribution of property among government levels. During this time, a tax collection office was established at the district level to facilitate the collection of city and district taxes and fees. The St. Petersburg government decentralized to Petrodvorets district the electrical network and received in return from Petrodvorets three parks to maintain. In a financial sense, this trade is not equal. Maintenance of the electrical network is much costlier than the parks; the substantially increased local responsibility for urban infrastructure was thus accompanied by increased expenditure requirements.

Recentralization at the urban level in Petrodvorets began in 1993. As of July 1, 1993 St. Petersburg took control of the road network and other aspects of the transportation system. While this relieves the district of some substantial financial commitments, it reduces local ability to influence its urban development and infrastructure. From the perspective of St. Petersburg, however, it allows for better coordination of the overall urban transportation system, and enhanced its dominance several months before abolition of the local soviets.

CONCLUSION

Several aspects of local government functions, initiatives in local economic development, and inter-governmental relations remain stable from the Tsarist period through the post-Soviet period. Substantial continuity occurred despite varying political and economic systems. Local government function throughout Russian history has centered on the provision and maintenance of living standards. Both Tsarist and Soviet local governments functioned as managers of central directives and policies, having only a minor formal policy-making role. Neither Tsarist nor Soviet local governments had the capability to form industrial development policies or directly influence the location of economic activity. Pre-Zemstvo Tsarist and Soviet local governments did not have independent tax or expenditure functions. These latter severely limited the local government role in shaping the urban or local economic environment. They are areas, however, in which the Russian local governments have gained considerably in the post-Soviet era.

Major social and economic restructuring at the central and local levels allowed for concomitant restructuring in local government functions during the latter years of both the Tsarist and Soviet periods. Central-local conflict increased particularly over fiscal policy. Post-Soviet local government is distinguished by growing fiscal independence, growing ability to
manage land-use policy, and increasing direct influence over the economic management of local industries. The new local government functions represent significant decentralization of authority and responsibility. The current local emphasis in Petrodvorets on urban development, social welfare and place recognition as independent legislative priorities and initiatives contrasts with the formal functions of the past. Such new authorities increase local government capacity to construct or improve infrastructure and influence job creation or job loss.

Increased local responsibility for social welfare represents continuity with the Tsarist period, but a break with the Soviet period. In the Tsarist period, local government in the form of the Zemstvo and the village community, along with the church, was responsible for assisting the poor and supporting social welfare. Although many aspects of social welfare, such as housing and food supply, were part of the formal local government function during the Soviet period, in reality Soviet central government ministries and enterprises provided for the social welfare of their workers. Enterprises provided housing, subsidized meals at the enterprise, food supplies, and even recreation. During the Soviet period, social welfare was connected to place of work almost more than place of residence.

In the post-Soviet period, economic restructuring at the central level has lead to a relocation of the provision of social welfare, a reallocation and decentralization of functions in the transition period. In the near future, the well-being of the population will depend to a large degree on the economic priorities of the local government and its ability to accumulate financial resources and make public expenditures. That the central government has deemphasized its involvement in social welfare while dealing with macro-economic issues, such as inflation, and local governments increasingly implement welfare policy with relatively little oversight from the central government. Although stabilization of macro-economic conditions has welfare consequences, if that trend continues it is unclear whether or not the benefits of stabilization will accrue to individuals living throughout Russia. Even when economic stabilization is achieved, new patterns of central-local relations and new areas of local government responsibility will have emerged that change both the formal and the informal ways of governing in Russian cities.

The emergence of local government in Russia during the transition period has depended to a large degree on spontaneous decentralization as well as formal central policies. Local government initiative, as seen in the case of Petrodvorets, is found through legislated means as well as through the budget worked out between the legislative and executive branches. With the dissolution of the local legislatures and the transfer of many powers to the executive branch of government that occurred during the Fall of 1993, we are likely to see yet another type of local government emerging during the transition period. The new local government will have
as its legacy greater initiative in the local economy, increased social welfare function, and increased urban development responsibility. Future local governments in Russia will be seen as active players in both the social and economic development of cities.

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