

THE NOVGOROD REGION

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Introduction:

In the midst of Russia's general turmoil, the Novgorod region¹ has emerged as an island of social stability and relative prosperity. Its success in attracting foreign investment has largely overshadowed its other accomplishments but, as local officials never tire of repeating, attracting foreign investment is just one part of a broader social transformation the region must undergo. This transformation centers around reviving local self-government or, as the region's governor Mikhail Prusak has put it, "returning to the roots of our system of government".²

Economics 101: Economic Reforms Can Pay for Social Ones:

Forty years of misinvestment had left the region with outdated manufacturing plants and an inordinate dependence on defense related industries.³ Nearly half of the region's production was in machine manufacturing. Unable to compete with the better quality-imported goods that were becoming available after 1991, factory output collapsed, along with the local tax base.

At the same time that new tax revenues were needed to maintain essential social services, the federal government was having its own problems collecting taxes, and it was becoming increasingly clear that it and would not be able to fully fund all social transfer payments. An alternative source of revenue needed to be found quickly and, since the federal government was short of funds and domestic investors preferred to send their money abroad, the governor's key advisors concurred that this would have to be foreign investment

Thus was born Novgorod's strategy for economic success reflecting, as Blair Ruble and Nancy Popson have aptly noted, "an elite consensus around liberal economic policies."⁴ This consensus was built around three broad issues: 1) promoting small and medium sized businesses; 2) attracting foreign investment; and 3) reforming the housing market.

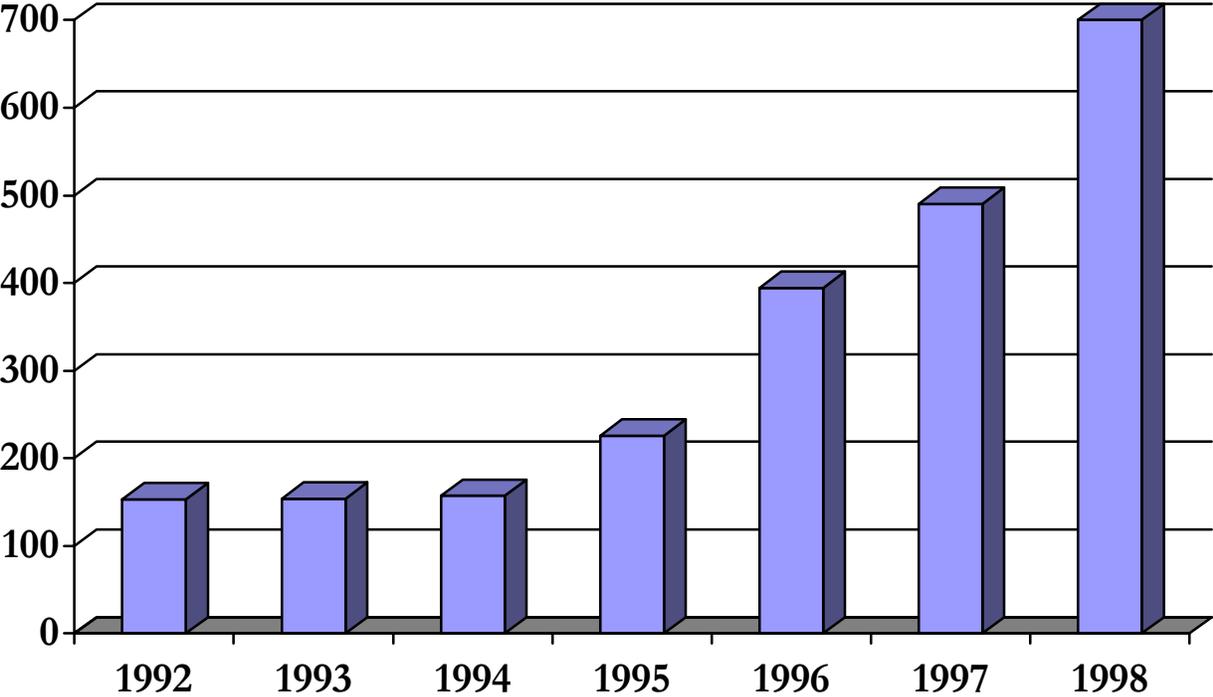
The administration reasoned that the best vehicle for creating new jobs was to encourage small and medium sized businesses, so in 1993 it set up one of the first regional funds in Russia to competitively support small business initiatives. Such businesses now employ some 21% of the working age population. The total number of small and medium sized businesses has gone from 3,349 in 1994 to over 8,000 in 1998--one for every 93 citizens, a rate comparable to that of some regions of Western Europe. By the year 2003, the administration hopes that such businesses will account for 15-20% of local economic activity.⁵

In terms of attracting foreign investment, Novgorod has gone from 63rd place among Russia's regions to one of the top three. Foreign direct investment now accounts for 55.2% of the region's

economic output, and, as Table 1 indicates, despite the country's economic doldrums the rate of investment in Novgorod shows little sign of slowing down.

Table 1

**Total Foreign Direct Investment in the Novgorod Region
(in millions of US dollars)***



* "Investitsionnyi klimat Novgorodskoi oblasti, 1998" Economic Committee of the Novgorod regional administration. Figures for 1998 are preliminary.

Housing reform has provided a major source of savings for the regional budget. The transfer of 98% of apartment complexes to municipalities has reduced the burden on local enterprises by over 134 million dollars. Privatization, competitive bidding for services, tenant cooperatives, and fee increases have reduced expenditures on housing to just 6% of the region's budget.⁶ At the same time, local media outlets claim that communal apartment fees remain below average for Northwest Russia.⁷

In a nutshell, the administration has begun a massive reorganization of the economic structure of the region that is aimed at replacing the declining industrial tax base with one that relies on personal income tax. It has paid for reforms (such as a regional stabilization fund and regional small business fund) from the money it saves on communal housing expenditures, and social and cultural initiatives, and has managed to substantially reduce its dependence of federal subsidies.⁸ In fact, during two of the last four years, the regional budget has actually shown a small surplus.⁹

The impact of these economic reforms on people's lives has been equally dramatic. Between 1995 and 1997 real incomes in the region grew 1.7 times.¹⁰ They continued to rise by 6.6% between January -April 1998, compared with same period in 1997. By contrast, incomes in Russia during this period fell by 7.2%, and in the northwest excluding Novgorod, they fell by nearly 8%.¹¹ The first seven months of 1998 also saw a 5.2% increase in industrial production in Novgorod compared with same period in 1997, while industrial production in Russia as a whole fell.¹² At the same time the official poverty and unemployment rates remain significantly lower than the national average, even falling during the first half of 1998.¹³

Novgorod is also one of the few regions where pensions are paid fully and on time. Thanks to computerization, the head of the regional pension fund boasts that the entire transfer procedure, from the moment the administration is informed of the availability of funds to their receipt by local post offices, takes just twelve hours.¹⁴

To be sure, Novgorod still faces many problems as it pursues economic reforms. While official unemployment is low, if one uses the methodology of the World Labor Organization to project hidden unemployment, regional unemployment stood at 9.4% in 1996, well above the Russian average of 8.7%.¹⁵ This rate is unlikely to be reduced any time soon since nearly half of the remaining large industrial enterprises are showing losses.¹⁶

Sometimes, as in the case of "Start", which provides specialized electronic components for the military, the defense industry will not allow the company to privatize, but will not pay its arrears either.¹⁷ And despite the efforts of the administration to promote local agriculture and private farming, neighboring

Leningrad region produces 3.3 times more agricultural produce, despite having 20% less cultivated land.¹⁸

The ruble devaluation of August 1998 has also hit the region hard, though less so than many other regions of the country. The region's flagship investor, Cadbury-Schweppes, suspended production for a month in September.¹⁹ Still, despite the uncertainties, the region's other major investor, the Danish chewing gum manufacturer Dirol, is continuing with its plans to construct a new factory in the region. Of twenty potential new investments (totaling a possible 1.1 billion dollars) that were being negotiated in latter half of 1998, only one--a Yugoslavian pharmaceutical manufacturer--has withdrawn.²⁰ The anticipated decision by Owens-Illinois, one of the world's leading producers of glass and plastic packaging products, to build a 100 million dollar plant in Novgorod is probably the most exciting new deal for the Novgorod administration, since it represents the first major American business investment in the region.

Overall, the local government seems to have been quite effective in managing a transition that has proved beyond the skills of the national government: making the local economy globally competitive without abandoning the social support network. In explaining why, local officials point to the fact that investment in Novgorod went to the creation of jobs rather than into speculation. Just as important, they say, has been the trust in local government. This trust is the result of real progress toward local self-government and the efforts of local civic associations.

Self-government: "Our system of government:"

In Novgorod the legal debate over local self-government began in response to a law suit brought by four local citizens. The law suit charged regional administrators with violating federal law by failing to set a date for local elections.²¹ It is significant that all four citizens had been members of the Novgorod

City Soviet, elected in 1990. Unlike most other regions of Russia, when the new administration was appointed in 1991, it faced a popularly elected local city government that was already quite active in promoting reform.

Relations between the administration and the city Soviet were not always easy during this period. Local leaders wanted to hold speedy elections for local office, while the new administration argued that the legal basis for them had not yet been established by the Supreme Soviet. Yeltsin's decree # 1760 of October 26, 1993 abolishing all Soviets left a bitter taste in the mouth of those who felt the local administration could have been more supportive.

Despite some initial tensions, the regional administration has turned out to be very supportive of local self-government, if for no other reason than as an important cost cutting measure. If local self-government is to mean anything, it reasoned, adequate attention would have to be provided to financing. As Deputy Governor Fabrichny has remarked, "True independence is determined by two closely interwoven factors: the existence of a legal basis and a developed economic foundation for local self-government. And of the two, the economic foundation must be established first."²²

By the end of 1995, therefore, the regional Duma passed four basic laws regulating local self-government within the region. Five more laws were soon passed by the city Duma.²³ To put this accomplishment in perspective, a year later only 25 of Russia's 89 regions had passed 3-4 laws on local self-government, none as comprehensive as those in Novgorod.²⁴ Not surprisingly, Novgorod became the first region in Russia to successfully conduct elections for every level of government, ushering in a new era of political accountability.

Economic decentralization required the adoption of a revolutionary approach to budgeting, amounting to having all financial decisions made and executed not at the regional level, but in each city and district.²⁵ Forming the budget at the district level revealed that nine of the region's twenty-one districts could not cover their expenses with their current tax base. As a result, richer districts were asked

to share their revenues. This put tremendous pressure on local administrators to become more effective managers. Thanks to these and other economies, the region has been able to reduce federal subsidies to the budget from 40% in 1993-94 to between 5 and 10% in 1996-1997.²⁶ Eventually, the regional administration would like each district be directly responsible for attracting investors, thus shoring up their own tax base just as the region has done.²⁷

Shifting the burden for social expenditures from the region to the districts has also meant finding adequate funding. In the city of Novgorod-the-Great, for example, this has been accomplished by having all tax receipts collected within the city transferred from Moscow directly to the city coffers, bypassing the region. Despite the increased burden this has placed on the city budget, for the mayor, Aleksandr Korsunov, the new system's benefits far outweigh its shortcomings; it has even led improved social cohesion, since people are now more likely to turn to city officials for help.²⁸

Korsunov seems to be right. In the past two years nearly 900 people have sought out their representative in the Novgorod City Duma seeking redress of grievances. City and regional officials now hold monthly "open house" meetings, which any citizen can sign up for. These are publicized in the local newspaper, *Novgorod*, which is distributed free to each family in the city. In addition, each year regional officials organize some two hundred meetings with local groups around the region to explain local policies and hear people's grievances.²⁹

The most innovative self-government initiative, however, has undoubtedly been *territorial'no obshchestvennoe samoupravlenie*, or simply TOS. The TOS derive from the need to reduce government expenditures on housing by encouraging residents to assume maintenance responsibilities themselves. Reasoning that there are few areas more likely to elicit civic involvement than the condition of one's neighborhood, the administration has encouraged the formation of what are, in effect, neighborhood associations, and given them the ability to raise funds, represent their interests before the city council, and even sue in local courts.³⁰ In the first stage, condominium or cooperative housing owners would set up a

TOS to resolve issues affecting their neighborhoods. In the long run, however, the hope is that the TOS will form the basis for new cooperative arrangements throughout the city, and perhaps even the basis for new electoral districts.³¹

One example is the effort undertaken by the United Democratic Center, a group uniting seven local democratic parties, to organize TOS around school assemblies and parent-teacher organizations.³² After conducting initial surveys showing nearly that nearly two-thirds of parents would be willing to participate in such an organization, and more than a third would be willing to contribute 1-2 hours a week to make it work, the Center focussed on three schools in district #7 and began to organize parents in the region.³³

By the end of 1998, five district TOS were in operation, including four with an average of 200 apartments, while the smaller, fifth one has only fifty apartments. Four have registered with the city administration, while the head of the fifth feels that since he was elected to serve the neighborhood, official registration is superfluous.³⁴

The TOS illustrate the administration's willingness to extend self-government to the most basic grass roots level. Still, some supporters fear that administration sponsorship discourages self-reliance. Others fear that the TOS will become a mechanism for mobilizing the electorate in favor of government candidates. By far the greatest impediment to the development of the TOS, however, is the fact that with wage earnings so low, few can afford to become property owners.

Civic Associations: "To unleash and stimulate people's initiative"

With local self-government on the rise, it is not surprising to find civic associations in Novgorod thriving as well. At the end of 1998, there were some 521 officially registered civic organizations and many more that are active but not registered.

Before 1991, civic activism in Novgorod lagged significantly behind the rest of Russia. From 1987, when the first *neformaly* received Mikhail Gorbachev's blessing, to the end of 1991, the number of civic associations in Russia quadrupled. In Novgorod official statistics go back only as far as 1991, and there is no evidence of significant activity by *neformaly* before that time.³⁵

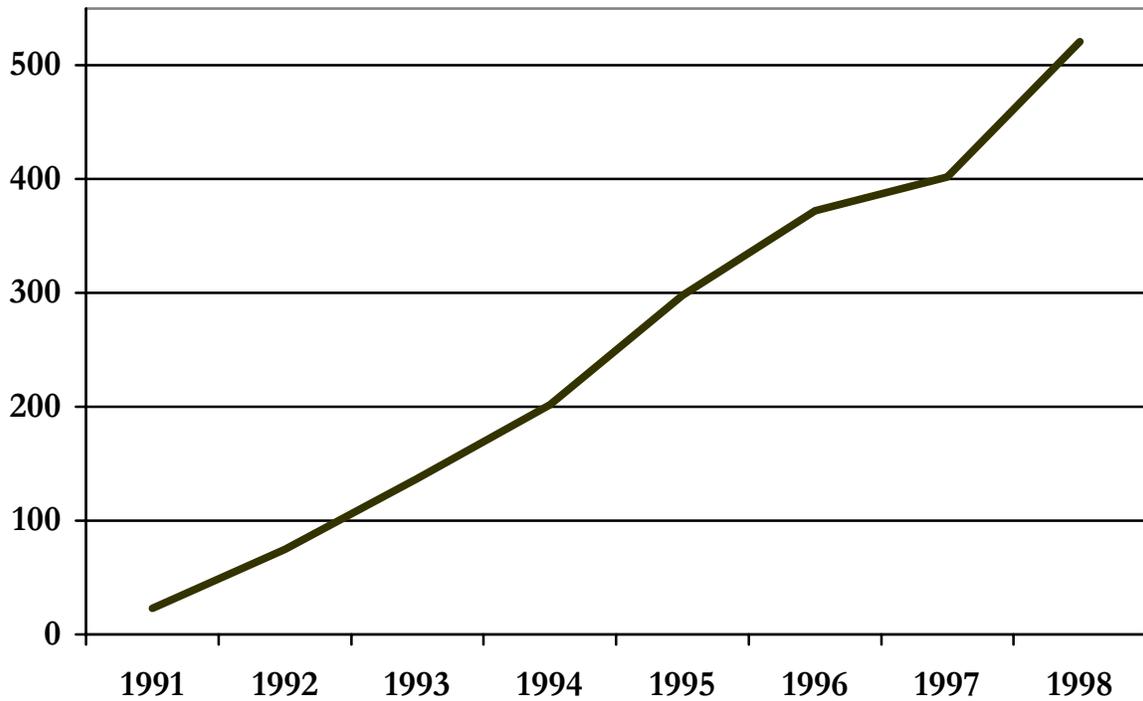
Since 1991, however, the rate of growth of civic organizations has slowed in Russia as a whole, but increased dramatically in the Novgorod region. A recent survey of civic associations in 35 regions of Russia shows that between 1991 and 1996 the total number of civic associations increased by 63%.³⁶ During the same period, the number of civic associations in Novgorod increased *16 fold*. As a result, according to Goskomstat, Novgorod is now among the top quarter of all Russian regions in number of clubs and cultural associations per capita.³⁷ Even more interestingly, Table 2 suggests that unlike the rest of Russia, this rate of growth has not slowed in 1997 and 1998.

Civic associations in Novgorod fall into one of six broad categories, represented graphically in Table 3.³⁸ About two-thirds are either charities, political groups or professional and trade associations, with the latter being the largest single category (see Table 4). Some details about the growth rate within each category are provided in Table 5.

While it is hard to measure the impact that civic associations have on a society, Robert Putnam, who has studied the successes and failures of regions in Italy, has argued persuasively that “participation in civic organizations inculcates skills of cooperation as well as a sense of shared responsibility for collective endeavors. Moreover, when individuals belong to ‘cross-cutting’ groups with diverse goals and members, their attitudes will tend to moderate as a result of group interaction and cross-cutting pressures.”³⁹

Table 2*

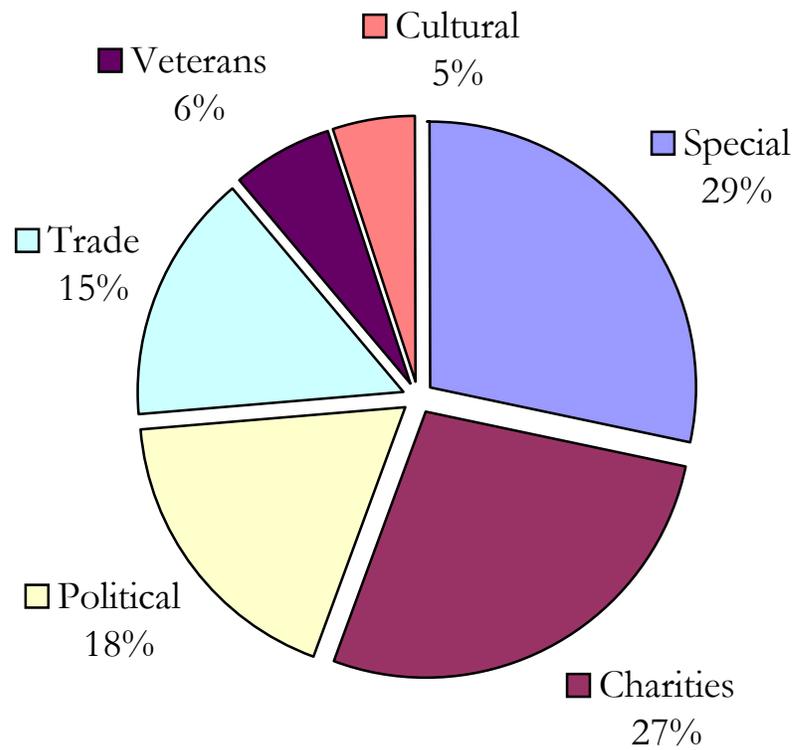
Total Number of Associations Registered in Novgorod Region, 1991-1998



* Partial data for 1997 (January-June) and 1998 (January through October). Source: Interview with Dmitry Zavidovsky, Head of the Regional Administration's Committee on Relations with Social Organizations, October 29, 1998. Data gathered from "Perechen' obshchestvennykh ob'edinenii i politicheskikh partii," a computer generated list received from Mr. Zavidovsky on November 3, 1998.

Table 3*

Categories of Associations in the Novgorod Region, 1991-1998



“Perechen’ obshchestvennykh ob’edinenii i politicheskikh partii.”

Table 4*

**Social Organizations and Political Parties Registered
in the Novgorod Region, 1991-1997**

Professional and trade associations	60
Varied or special interest groups	54
Charities and funds	44
Young people's associations	40
Sports associations	38
Political parties	28
Socio-political associations	24
Associations supporting invalids	15
Cultural and creative associations	13
Military support groups; Chernobyl victims	13
Veterans associations (military and labor)	12
"Sister City" associations	12
Religious associations	10
Civil rights associations	9
Ecological associations	8
Associations promoting national cultures	7
Refugee support groups	6
Associations for the support of large families	5
Women's organizations	4
TOTAL	402

Table 5*

Registered Political Parties and Associations

	Political Parties	Socio-Political	Civil Rights	Ecological	Women's	TOTAL
1991	--	--	2	1	1	4
1992	--	2	--	2	--	4
1993	5	2	2	--	1	10
1994	4	3	1	1	--	9
1995	13	14	2	2	1	32
1996	5	3	1	2	--	11

* "Perechen' obshchestvennykh ob'edinenii i politicheskikh partii."

1997	1	--	1	--	1	3
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Registered Charitable Associations and Funds

	Refugee	Large Families	Charities & Funds	Youth	Invalids	TOTAL
1991	--	2	4	1	1	8
1992	2	1	10	4	1	18
1993	--	--	8	2	1	11
1994	1	--	9	6	1	17
1995	1	1	6	10	3	21
1996	2	--	3	12	6	23
1997	--	1	4	5	2	12

All Registered Civic Associations

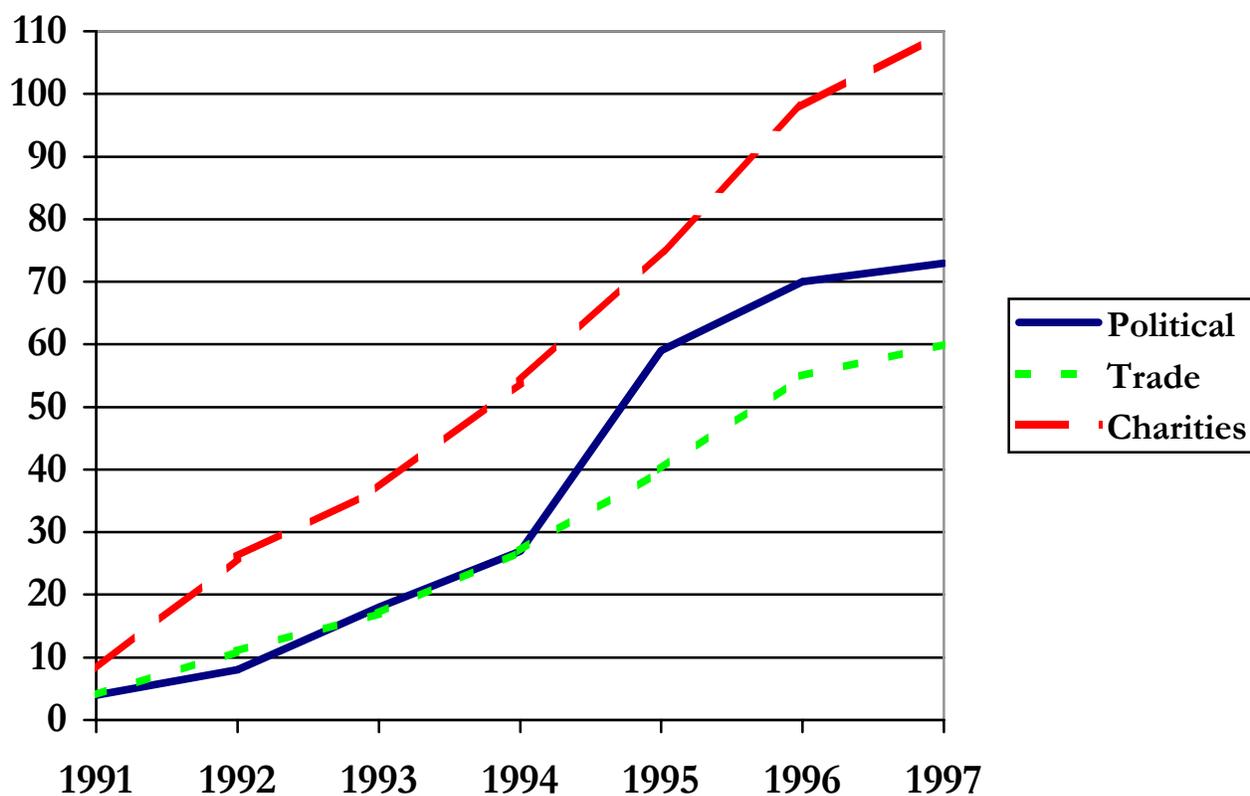
	Political	Trade	Charities	Cultural	Veteran	Special	TOTAL
1991	4	4	8	--	3	4	23
1992	4	7	18	1	6	16	52
1993	10	6	11	6	4	25	62
1994	9	10	17	5	2	22	65
1995	32	13	21	2	6	22	96
1996	11	15	23	3	3	18	74
1997	3	5	12	3	--	7	30

Comparing Italian regions to Novgorod reveals some interesting differences. For one thing, nearly three-quarters of all civic associations in Italy are sports clubs; all other groups have very low rates of participation. By contrast, in Novgorod sports associations form less than 10% of the total, most civic associations are manifestly political or economic in nature. Removing sports clubs from the total reveals a “high” participation rate of 1050 inhabitants per club in Trentino/Alto-Adige and 2117 in Liguria at one extreme, and a very “low” participation rate of 13,100 inhabitants per club in Sardinia at the other extreme.⁴⁰ Applying the same methodology to Novgorod results in a participation rate of 1643 inhabitants per club, which is quite high by Italian standards.⁴¹ This high level of participation is less

surprising if one views civic associations as, first and foremost, a response to the government’s failure to cope with economic crisis. The point is also suggested by the steady growth of charitable organizations shown in Table 6.

Table 6*

MAJOR CATEGORIES OF CIVIC ASSOCIATIONS IN THE NOVGOROD REGION, 1991-1997



Political activism, however, does not linger too far behind in Novgorod. Its impact is most visible in the *Obshchestvennaya Palata*, or “Social Chamber,” where representatives of registered social organizations can participate in the review of legislation pending before the Duma and offer their

* “Perechen’ obshchestvennykh ob’edinenii i politicheskikh partii.”

alternatives. The Social Chamber meets no less than once every 2 months and is chaired by either the head of the regional Duma or the governor.

The Social Chamber is actually an initiative of President Yeltsin's administration. Sometime in the summer of 1994, Yeltsin's advisors decided that such chambers would encourage dialogue between civic organizations and the local government, so they directed regional governors to set them up. In Novgorod, however, such an organization already existed. It had been formed about six months earlier under the auspices of the United Democratic Center to comment on existing legislation and recommend changes.

Spurred by the urgent need for legislation on local self-government, the Social Chamber unabashedly sought to influence the administration and oppose the monopoly of the pro-government party, *Nash Dom Rossiya* on political life in the region. In these first six months, as local legislators grappled with the task of developing new legislation on local self-government, the Social Chamber met weekly to discuss the content of pending legislation and offer its advice.⁴²

After the administration formed its own Social Chamber, offering access to all political parties (even the CPRF and the LDPR), the importance of the unofficial chamber waned. Nevertheless, the group continues to meet sporadically, at the initiative of its members. Its opinions carry sufficient weight to entice a senior member of the administration (generally Deputy Governor Sergei Fabrichny) to find the time to attend.

Such co-optation has worked well for the administration in its dealings with civic associations. But unlike many other regions, the Novgorod administration actually seeks the input of these groups and has consistently sought to expand contacts with them. For example, the original decree from Moscow advocated setting up a Social Chamber attached to the governor's office. Prusak, however, decided that it should be attached not only to his office, but also to the regional Duma and the entire administration, thereby giving civic associations legal access to all levels of local government.

To encourage public involvement and debate, the law setting up the Social Chamber stipulates that all decisions of the Chamber must be conveyed to the media, along with any minority opinions supported by no fewer than one-fifth of those present.⁴³ The administration has also encouraged trade union participation, which has formed the basis for subsequent legislation on "social partnership" between business, labor and government leadership.

Yet another example of this policy of inclusion is the proliferation of "social councils for . . . " [*obshchetvennye sovery . . . pri gorodskoi/oblastnoi administratsii*] within the city and regional administrations. Any major initiative being considered by local government is generally put before such a

council for evaluation and coordination. There were seventeen administrative committees in the Novgorod city administration in 1996, each handling 3-4 social councils, and each with a membership of roughly 15-20 members chosen from the city's leading citizens. Thus, in this town of more than 200,000 inhabitants, roughly a thousand are involved in one or another aspect of public policy. Membership in such councils is an important facet of two-way contact between the government and key social groups.⁴⁴

These examples sum up the administration's strategy toward independent civic organizations. First, whenever possible co-opt potential opponents. Second, whenever possible make politics more inclusive by expanding public participation. By encouraging civic participation in regional decision making, the administration has built up a reservoir of trust with local civic activists and made the region a haven of social tranquility even as it introduces painful social and economic changes.

Even an occasional critic of the administration, like the head of the United Democratic Center, Igor Alexandrov, concedes that :⁴⁵

... the working style of Governor Mikhail Prusak has become the working style of the majority of local government leaders. Today, it is possible to speak not only of the initiative of Governor Prusak, but of a "Novgorod model" of Russian reform, the essence of which is expressed in the idea of creating mechanisms to facilitate interaction between the government and the population. This makes it possible to take the interests of various social groups into account in solving problems and to focus the efforts of all participants in the political process on implementing these decisions. This is the secret of the stability of the political situation in Novgorod oblast today.

But why has civic engagement worked in Novgorod when it has met with such mixed success in the rest of Russia? Probably the most important factor is the feeling by local civic activists that they can actually influence decisions. Even critics concede that the administration truly welcomes the input of any group that comes to it with a constructive proposal.

A second factor is the administration's willingness to promote decentralization, rather than seeking to concentrate power in its own hands. The most recent example is the decision to set up Social Chambers in each of the region's twenty-two districts. In some districts such organizations have already formed spontaneously, but in others they have not. Ultimately, the administration hopes that each such chambers will send delegates to Novgorod-the-Great, thereby allowing the regional social chamber to "represent a broader spectrum of opinion."⁴⁶

A third factor often mentioned by both civic activists and government officials is the region's "intuitive feeling for history." Although the average inhabitant of Novgorod remains unconcerned about the region's mythical history as the cradle of Russian democracy, for the more highly educated elite, it has been a frequent source of inspiration. During lengthy interviews that I conducted in October and

November, 1998 with sixteen senior members of the administration and seven members of the local intelligentsia active in civic affairs, in response to the question: “Do you believe that Novgorod’s distinctive history plays any role in how the region has developed politically and economically since 1991?,” nine respondents responded affirmatively and showed extensive familiarity with the history of the Novgorod Republic, four answered no, and the remainder were neutral but skeptical. Some of the most positive responses came from senior and mid-level regional officials.

One leading activist explains the level of civic activism by drawing an analogy to religion. During the Soviet era period people clung to their faith even though few churches were open for worship. Yet today, after generations of official atheism, religious sentiment is undergoing an astonishing revival. “Political activism in Novgorod is high,” he concludes, “not because of Soviet ideals, but because of the historical ideals of the past.”⁴⁷

Inventing a Democratic Tradition: Politics as Applied History:

Underlying Novgorod’s remarkable success has been the elite’s ability to reach a consensus on cutting the economic umbilical cord to Moscow. This meant local economic and political reforms had to be pursued simultaneously: while economic reforms have provided a modicum of economic stability, political reforms have broadened constituency involvement in the political process. The combination has proved effective in providing social stability and enhancing trust in government in the region.

Why has this approach succeeded in Novgorod when it has failed in so many other regions? Enlightened self-interest is certainly a large part of it. Key members of the local elite had their own reasons for encouraging local autonomy. The young, freshly appointed governor was eager to consolidate his control in the region. Ordinarily someone in this position would be beholden to Moscow, but since federal authorities could not deliver on funding, the governor was forced to seek alternative sources of revenue, thereby lessening his dependence on the center.

The leaders of civic associations wanted freedom from government interference. This category includes both authorities in Moscow and Novgorod, but initially the latter were often seen as an ally against the former. Local businessmen sought profits and reduced taxes. Here again, the Novgorod administration served as a useful ally against the federal bureaucracy, particularly since the objective of both was to create a more attractive business environment.

As each constituency within the elite pursued its own objectives, together they became mutually reinforcing. The resulting consensus on economic and political strategy not only helped to preserve social

stability, but also transformed the environment to allow for policy innovations. In fact, it made such policy innovations necessary.

But while personal benefit may explain how Novgorod's consensus evolved, it does not explain its origins. The recollection of the participants concurs with the historical record on one important point-- the administration, civic leaders, trade union and business leaders were able to reach a consensus very early on about the need to work together to promote local solutions to local problems. As Governor Prusak remarked in an interview given in late 1993:

In the Novgorod region a relative political stability exists which distinguishes us from many other regions. If, for example, at the federal level there is talk of adopting some sort of conciliatory document, in our case we are talking about preserving that which was. Somehow our political parties, administration, trade unions and social movement were able to show wisdom. Somehow people came together, even though it wasn't easy...⁴⁸

The early date of passage for key legislation establishing a local self-government and radically transforming the climate for foreign economic investments suggests that this consensus emerged simultaneously within each key constituency. There was simply no time for the administration, which was still getting its bearings in 1991-1993, to forge a consensus had one not already existed. The existence of such a consensus is also suggested by the record of the first popularly elected Novgorod City Soviet, disbanded in 1993. During its brief term it spawned a number of legislative initiatives that were adopted by subsequent regional and city administrations.

The spontaneous emergence of such a regional consensus implies the existence of a common set of values (a regional political culture, perhaps?) attuned to the myth of "Lord Novgorod-the-Great" as a democratic and trade-oriented mercantile republic that dominated northwest Russia from the 12th to 15th centuries. The emergence of this myth as a factor uniting the elite and helping it to forge a common agenda was made more likely by the coincidence of several factors.

First, the collapse of the official communist party ideology and the constraints that it imposed on the discussion of local history made it possible to discuss the significance of Novgorod's history for the present. Second, the blanket restoration of old street names (an initiative promulgated by the City Soviet), the restoration of churches, including the politically and historically significant Cathedral of St. Sophia in 1993, the revival and official recognition granted to local holidays and festivals, all set the stage for a critical assessment of the Soviet era and broader public acceptance of alternatives to it.

Third, to many local activists the problems facing Novgorod today seem not that dissimilar to those it faced in the past. Then, as now, the city must expand trade to survive, introduce local self-government, and keep a safe distance from Moscow to preserve its freedom. As any medieval historian

can attest, these are precisely the issues that Novgorodians had to grapple with in the 12th to 15th centuries. Finally, issues of regionalism and regional autonomy were very much in the public eye at the time, as the shape the new federation would take under the 1993 constitution was being hotly debated.⁴⁹

Given this context, it is not all that surprising that the local elite should look to the past for solutions to their current problems. Examples abound. When the local research center “Dialog” was given the task of developing the region’s housing reform initiatives, one of their first efforts was a study entitled, “The Establishment of Communal Administration in Novgorod-the-Great, 12th -17th Centuries,” with appendix and charts comparing that period with the present.⁵⁰

A 1996 conference on local self-government in historical perspective included presentations from the mayor, the deputy head of the regional Duma, and leaders of local civic associations, as well as professors. The head of the university’s history department, Vasily F. Andreyev, another former a member of the City Soviet, even presented a paper noting the similarities between the current Russian federal structure and that of republican Novgorod.⁵¹ Strikingly, whenever the history department of the local state university (named, interestingly, for Prince Yaroslav-the-Wise) organizes a conference dealing with public affairs, senior administration officials are generally in attendance and present papers.⁵²

Governor Prusak himself has written poignantly on the significance of Novgorod’s past for his administration:

Not only time, but location determines the nature of events and dictates the logical conduct of its participants. Each of us, upon beginning some new task, has probably been tempted to overlook the past. This would scarcely be possible in Novgorod, a city with its own distinctive history and former national greatness, embodied in the monument, “One Thousand Years of Russia.”

When, after the well-known events of August 1991, a new administration was formed in the region, it faced the age-old question: “What is to be done?” We decided to study more deeply the traditional capabilities of our region, to meet with long time residents, to listen to young people, and to review the archives. As a result, we saw very clearly that the history of Russia did not begin in 1991 or in 1917, but far earlier. Our generation has a unique chance and, most importantly, a duty to restore the broken thread of time, to create a normal way of life, and to unleash and stimulate people’s initiative.⁵³

Eric Hobsbawm has called such creative use of the past “the invention of tradition.”⁵⁴ Anthony P. Cohen in his study of the Newfoundland community has referred to it as “the management of myth.”⁵⁵ Murray Edelman, writing primarily about the United States, has written about “the symbolic uses of politics.”⁵⁶ In each case, the authors point to one remarkable similarity: as governments strive for legitimacy, they promote those traditions that best serve their needs.

Similarly, in Novgorod after 1991, we find officials encouraging those traditions that stress self-government and openness to trade with the West. The former coincided with the interests and aspirations of local civic activists (which the administration was courting), while the latter could be used to promote public acceptance of massive foreign investment. Conveniently, Novgorod's reputation as "the cradle of Russian democracy" and "Russia's European gateway" has been so widely mythologized by Russian historians and writers that these two salient features are quite familiar to the public.

But if the past were only a convenient tool for implementing whatever policies the government wanted, it would hardly be evidence of self-sustaining democratic practices. For this, we need evidence of new patterns of behavior and mutual accountability developing between the government and the populace.

This is where the unintended consequences of political myths loom large. Initiatives embraced by the local elite for very specific purposes, often wind up assuming a life of their own. Thus, with the financial impact of Western investment now accounting for more than half of local GDP, regional administrators find themselves forced to be more efficient managers. The shift in the regional tax base requires on-going attention to the improvement of legislation so that it meets the needs of investors. In other words, dependence on investment has created a situation where just balancing the budget requires a government that is constantly improving itself.⁵⁷

Second, the impact of foreign assistance projects aimed at Novgorod, while much more recent, has already led to a reduction in state tutelage over civic associations. At a meeting of the non-official Social Chamber in 1998, one senior regional official reportedly remarked that the administration had not foreseen the number of projects that would arise in response to such funding. Since it does not have enough administrators to deal with them all, such groups would increasingly have to fend for themselves.⁵⁸

Third, in addition to increasing the variety of new housing associations, the TOS initiative has restructured the work of city government. Each elected representative to the Novgorod City Duma now has 2-3 "social assistants" [*obshchetvennye pomoshchniki*] who act as liaisons between the deputy and his district. In a few electoral districts of the city, "social councils" have formed to tackle local problems.⁵⁹

But while Novgorod has made a good start toward developing a sound government and a sound economy, the process is still fragile, since it depends so largely on economic conditions in the country and on political stability in Moscow. Nor can we say that Novgorod has fully met the criteria of democratic local government. Local officials are still too keen on bringing as much of civil society as possible in to the fold of government. A vice-governor, for example, still sits on the editorial board of the region's only

commercial newspaper, *Novgorodskie vedomosti*. Still, it is largely thanks to such support that grass roots activism is steadily growing, and people are beginning to utilize their institutions of local self-government.

While the preconditions for civil society to play an important role certainly exist, future progress will require even broader public participation in local politics. This in turn presupposes a more sharply defined sense of regional identity. To help anchor this regional identity in people's consciousness, local opinion makers will probably emphasize the positive myths about Novgorod's past even more prominently in the future, and encourage the population to draw clear distinctions between the "Novgorod heritage" of democracy and openness and the "Muscovite heritage" of centralization and isolation.⁶⁰

Novgorod success in forging a consensus that lessens the distance between patterns of governance and patterns of social behavior, however, also suggests some practical lessons for the rest of the former Soviet Union.

First, ideas and symbols matter and they can have a direct impact on the formation of social capital. Second, with a bit of ingenuity, local governments can be not only passive respondents to crisis, they can take the initiative in defining common social values and priorities for the community. Third, localism is more conducive to the development of democratic authority patterns than centralization.

Few would disagree with the notion that a more democratic Russia implies a more decentralized Russia, but too often those regions with the sharpest sense of local identity have also been the most active in undermining central authority. The results have generally been detrimental to both the government and the economy. To continue along these lines could bring about a Russia that resembles, in Yulia Latynina's words, "a contemporary Holy Roman Empire with a wide-ranging spectrum of political regimes, from anti-Semitic dictators in the Krasnodar region to a corrupt patriarchal regime in Moscow and liberal capitalism in Novgorod."⁶¹

The example of Novgorod, which has avoided confrontation with the center while assuming greater responsibility for its own well being, suggests that a consensus preserving regional distinctions within a vision of national unity is not impossible. It remains to be seen whether such a consensus will be realized at the national level, or remain merely the preserve of a few fortunate regions.

Endnotes

- ¹ Throughout this paper the terms “region” will be used for *oblast* and “district” for *raion*.
- ² Viktor Troyanovski’s interview with Novgorod Governor Mikhail Prusak, *ITAR-TASS* (October 3, 1998).
- ³ Interview with Evgeny Andreyev, former first deputy chairman of the Novgorod City Executive Committee, “Zavody dlya prestizha,” *Novgorod* (April 10, 1997), p. 3.
- ⁴ Blair A. Ruble and Nancy Popson, “The Westernization of a Russian Province: The Case of Novgorod,” *Post-Soviet Geography and Economics*, vol. 39, No. 8, p. 435.
- ⁵ *Ibid.* p. 437, 441.
- ⁶ “Novgorodskaya oblast,” a research report prepared by the Russian Development Bank (authors Evgeny Tyshkevich and Kirill Bryuzgin), Moscow, February 1998, p. 15.
- ⁷ “Ekonom” (October 28, 1998), a weekly television show broadcast by the regional television station “Slavia.”
- ⁸ Between 1994 and 1996, spending on social and cultural items went from 21% to 7% of the regional budget. “Novgorodskaya oblast,” Russian Development Bank, p. 15.
- ⁹ “Novgorodskaya oblast,” Russian Development Bank, p. 12.
- ¹⁰ Ruble and Popson, “Westernization”, p. 441.
- ¹¹ *O sotsial’no-ekonomicheskom polozhenii Novgorodskoi oblasti v yanvare-iune 1998 goda* (Novgorod: Goskomstat Rossii i Novgorodskii oblastnoi komitet gosudarstvennoi statistiki, 1998), p. 106.
- ¹² Viktor Troyanovski, *ITAR-TASS* (October 3, 1998); Yelena Starostenkova, “The Economic slump is over, but growth has yet to begin,” *Finansovye izvestiya* (May 14, 1998) as reported by RIA Novosti.
- ¹³ Ruble and Popson, “Westernization”, p., 441-442.
- ¹⁴ Viktor Troyanovski’s interview with Gennadi Epanchin, *ITAR-TASS* (June 3, 1998).
- ¹⁵ “Novgorodskaya oblast,” Russian Development Bank, p. 4.
- ¹⁶ “O sotsialno-ekonomicheskom polozhenii Novgorodskoi oblasti v yanvare-iune 1998 goda,” (Goskomstat Rossii, Novgorodskii Oblastnoi Komitet gosudarstvennoi statistiki, 1998), p. 90.
- ¹⁷ Vladimir Izmailov, “Kurs--na razvitie,” *Novgorod* (February 18, 1997).
- ¹⁸ “Novgorodskaya oblast,” Russian Development Bank, p. 9.
- ¹⁹ Ludmila Koval’, “‘Cadbury’ gotovit rossiyanam sladkuyu zhizn’,” *Segodnya* (October 19, 1998).

²⁰ The local administration suggests this withdrawal may have more to do with events in Yugoslavia than with conditions in Russia. "Nashi inostrantsy--ne igroki, a investory," *Banki i bankovskaya deyatel'nost'* (September 7, 1998); Ludmila Timofeyeva, "Inostrannye proizvositeli veryat v Rossiyu" *Ekonomika (WPS)* reprinted in "Novgorodskaya oblast po soobshcheniyam pressy i informatsionnykh agentstv (s 16.10.98 po 21.10.98)," prepared by the informational and analytical center of the regional administration.

²¹ L. A. Andreyeva, "Vzaimodeistvie organov mestnogo samoupravleniya s gosudarstvennymi organami vlasti" in B. Kovalev, *Mestnoe samoupravlenie v Rossii* (Novgorod: Novgorod State University, 1997), p. 42.

²² Sergei Yu. Fabrichnyi, "Razvitie mestnogo samoupravleniya na territorii Novgorodskoi oblasti," in V. I. Romashova comp., *Zemstvo i vozrozhdenie ego kul'turno-khozyaistvennykh traditsii* (Novgorod: Novgorod Regional Scientific Library, 1996), p. 39.

²³ A. V. Korsunov, "Reforma mestnogo samoupravleniya--shag k pravovomu gosudarstvu," in *ibid.*, p. 10.

²⁴ According to former first deputy governor Valery I. Trofimov, a review conducted by the Council of Europe in 1996 concluded that the legislative infrastructure in Novgorod was roughly two years ahead of that of any other region in Russia. Interview conducted April 1997.

²⁵ The first direct transfer payments of 500 million rubles to heads of districts for social needs were made January 1, 1995. *ibid.*, p. 40.

²⁶ "Novgorodskaya oblast," Russian Development Bank, p. 14.

²⁷ S. Khoroshukhin and A. Shchegol', "Investitsionnaya politika v regione," *Ekonomist* (January 1998), p. 46.

²⁸ Korsunov, "Reforma mestnogo samoupravleniya," p. 10-11.

²⁹ Fabrichnyi, "Razvitie mestnogo samoupravleniya," p. 40.

³⁰ Decree No. 71 of the Novgorod City Duma (February 28, 1997) "O vremennom polozhenii i territorial'no obshchestvennom samoupravlenii v gorode Novgorode." *Novgorod* (April 3, 1997), pp. 8-9.

³¹ Korsunov, "Reforma mestnogo samoupravleniya," p. 11.

³² Interview with Igor' B. Alexandrov, chairman of the United Democratic Center, November 1, 1998. The founding parties included: Demokraticeskaya Partiya, Demokraticeskaya Rossiya, Demokraticeskii Vybor; Soyuz mestnogo samoupravleniya; PRES, and the Social Democratic Party. The local branches of the communist and liberal democratic parties were excluded.

³³ 84% of survey participants were women, most between the ages of 30 and 40. 31% felt that local self-government could resolve issues in city districts. 59% believe that local residents can be effective in changing things. "Dom, v kotorom my zhivem," Nauchno-issledovatel'skii tsentr Dialog (October 1996), personal copy. Additional questions include:

"Do you know about homeowners associations?"	
40.7%	No
37%	Would like to know
19.9%	Yes

2.3%	Not interested
“Do you know that you have the right to participate in the directorate?”	
46.3%	Would like to know
33.8%	No
14.8%	Yes
5.1%	Not interested
Would you be willing to participate?	
63.6%	Sometimes
24%	Not possible
12.4%	Yes
How much time could you devote?	
35.7%	1-2 hours a week
35.3%	Less than 1 hour a week
27.5%	Not possible
1%	1-2 hours 2-3 times/week
0.5%	1-2 hours every day

³⁴ Interview with Sergei E. Bessonov, deputy of the Novgorod City Duma, November 4, 1998.

³⁵ In February 1989, according to documents of the Novgorod regional committee of the CPSU, alongside 42 political clubs organized and supervised by the Central Committee of the Komsomol, there were only 10 self-initiated groupings [*samodeyatel'nye formirovaniya*]. T. N. Yarysh, “Svyaz’ s obshchestvennostyu: vos’midesyatye gody--nachalo dialoga.” *Upravlencheskoe konsultirovanie* (No. 1, 1998), p. 42.

³⁶ Olga Alekseyeva, “Tendentsii razvitiya nekommercheskogo sektora i budushchee resursnykh tsentrov,” a paper presented at national meeting of NGOs in Moscow (October 29, 1998), personal copy.

³⁷ Data collected by Valeria S. Kalashnichenko, Special Order Department of Goskomstat in Moscow, at the request of Christopher Marsh for his doctoral dissertation, “Making Russian Democracy Work: Social Capital, Economic Development, and Democratization,” University of Connecticut, 1998, pp.152-154.

³⁸ Political parties and associations	(N=73)	18%
Political Parties	28	
Socio-political associations	24	
Civil Rights organizations	9	
Ecological support groups	8	
Women’s organizations	4	
Trade/Professional Associations	(N=60)	15%
Professional associations	60	
Veterans associations	(N=25)	6%
Military support groups;		
Victims of Chernobyl	13	
Veterans associations		
(military and labor)	12	
Cultural Associations	(N=20)	5%

Cultural and creative associations	13	
Assoc. promoting national cultures	7	
Charities and Funds		(N=110) 27%
Refugee support groups	6	
Assoc. supporting large families	5	
Charities and Foundations	44	
Young people's associations		40
Associations supporting invalids	15	
Varied or Special Interests		(N=114) 28%
Varied interest groups	54	
Sister City associations	12	
Religious associations	10	
Sports associations	38	

³⁹ Robert D. Putnam, *Making Democracy Work*, (Princeton, N.J.: Princeton University Press, 1993), pp. 89.

⁴⁰ *Ibid.*, p. 92.

⁴¹ Calculated from data provided by Valeria S. Kalashnichenko (see fn. 36). Visiting western aid groups have also commented on the high level of social activism they have found in Novgorod. In its first quarterly report for the Novgorod Community Involvement and NGO Support Program, submitted October 7, 1997, the Eurasia Foundation notes that: "In general, Foundation representatives have been encouraged by the energy and enthusiasm of the NGO sector in Novgorod and in some of the smaller towns of Novgorod oblast. Many citizens' groups, especially in Novgorod city, are already implementing successful programs in areas as diverse as children's health, human rights issues, and homeowners' associations." Personal copy.

⁴² Interview with Igor' B. Alexandrov, November 1, 1998.

⁴³ "Ob obrazovanii oblastnoi obshchestvennoi palaty," decree № 61-OD/236 of the Novgorod Regional Duma and the Administration of Novgorod Oblast, August 29, 1994.

⁴⁴ Interview with Igor B. Alexandrov, November 1, 1998.

⁴⁵ Igor B. Aleksandrov, "Russia's 'Road Less Travelled': Novgorod Oblast Today" (July 25 1997), The Jamestown Foundation *Prism*.

⁴⁶ Interview with Dmitry G. Zavidovsky, October 29, 1998.

⁴⁷ Interview with Igor' B. Alexandrov, November 1, 1998.

⁴⁸ Igor B. Aleksandrov, "Russia's 'Road Less Travelled';" "Nastupilo vremya stroit" *Possev* #4 (July-August 1994), pp. 56-7; Korsunov, "Reforma mestnogo samoupravleniya," p. 10.

⁴⁹ For a brief discussion see Nicolai N. Petro, "Can Decentralization Solve Russia's Ethnic Problems?" in Ian M. Cuthbertson and Jane Leibowitz eds., *Minorities: The New Europe's Old Issue* (New York: Institute for East-east Studies, 1993), pp.185-208.

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- ⁵⁰ A. N. Panov and S. G. Ovcharov, *Stanovlenie kommunal'nogo khozyaistva Novgoroda Velikogo v XII-XVI vekakh* (Novgorod: Severo-zapadnaya akademiya gosudarstvennoi sluzhby, 1997).
- ⁵¹ V. F. Andreyev, "O mestnom samoupravlenii v Novgorodskoi respublike," in Kovalev, *Mestnoe samoupravlenie v Rossii: istoriia i sovremennost'*, pp. 19-24.
- ⁵² Romashova, *Zemstvo*; S. V. Moiseev, *1917: metamorfozy revoliutsionnoi idei i politicheskaya praktika ilh voploshcheniya* (Novgorod: Arkhivnoe upravlenie Novgorodskoi oblasti, 1998).
- ⁵³ M. M. Prusak, "Vosstanavliwayem svyaz vremen," in *Rossiiskoe predprinimatel'stvo: istoriya i vozrozhdeniya* (Moscow: Russkoe delovoe agentstvo, 1997).
- ⁵⁴ Eric Hobsbawm and Terence Ranger, *The Invention of Tradition* (Cambridge: Cambridge University Press, 1983).
- ⁵⁵ Anthony P. Cohen, *The Management of Myths* (Manchester: Manchester University Press, 1975).
- ⁵⁶ Murray Edelman, *The Symbolic Uses of Politics*, (Champaign: University of Illinois Press, 1970).
- ⁵⁷ In an interview in *Argumenty i Fakty*, "Vybory otmenit', Dumu raspustit'" (No. 15, April 1998), p. 6, Governor Prusak drew an explicit connection between the quality of government and the degree to which it serves the interest of "the propertied class [*klass sobstvennikov*]."
- ⁵⁸ Interview with Igor B. Alexandrov, November 1, 1998.
- ⁵⁹ Vladimir Shaikovskii, "Vpered i eshche dva goda" *Novgorod* (October 15, 1998), p. 3.
- ⁶⁰ The writings of academicians Valentin Yanin and Dmitry Likhachev concerning Novgorod's distinctive political and cultural heritage have been prominently featured in the local media. See D. S. Likhachev, "Drevnii Novgorod kak stolitsa--predshestvennik Peterburga," in V. A. Koshelev comp. *Novgorod v kul'ture drevnei Rusi* (Novgorod: Novgorod State University, 1995), pp. 4-5. V. L. Yanin, "Na zemliakh drevnego Novgoroda: u istokov Rossiiskoi gosudarstvennosti," *Novgorod* (October 22, 1998), pp. 8-9. Among national commentators, Gennadii Lisichkin has written often of this contrast. See his collection of essays *Est' li budushchee u Rossii* (Moskva: Progress, 1996).
- ⁶¹ Vanora Bennett, "Restive Regions Wriggling Under Moscow's Thumb," *Los Angeles Times* (September 14, 1998).