TITLE: REGIONAL POLITICS AND INTEREST GROUPS IN THE CONSOLIDATION OF RUSSIAN ECONOMIC REFORMS: Report #1. Continuity and Change in Interest Representation from the Soviet Period to the Present

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Executive Summary

Recent developments in Russia have shown striking continuity with pre-1991 trends in the economic sphere, and in the political sphere there have been significant trends away from Gorbachev initiatives that were aimed at democratic institution building. Gorbachev's recognition of fundamental interest divergence in the Soviet system was a critical development—a focus that he ultimately tried to use to gain leverage against opponents of perestroika but which contributed, in the end, to the demise of the USSR. That "interests" emphasis meshed poorly, however, with Gorbachev's parallel, and unsuccessful, effort to improve economic performance through the strengthening of high technology research and production. When Gorbachev came to power, a finely-tuned system of interest representation through corporatist lobbying arrangements was in place, and well-positioned members of the nomenklatura were in the process of "privatizing" power by transforming it into uncontested control of property. This process continued under Gorbachev, along with a reordering within the hierarchy of interests that had prevailed earlier. Clear winners at that time were the fuel and energy complex, metals and mining, certain regional and republican elites, and others who had established de facto claims to state property before the beginning of large-scale privatization. There has been further consolidation of these arrangements under Yeltsin.

Sectoral interests within the branch ministry system began actively asserting their divergent positions even during the Stalin era, and under Khrushchev regional interests also came to occupy a central position in economic decision making. By Brezhnev's day regional leaders and local enterprises were often formidable allies in the competition for resources and other benefits from the state. It was apparent that interest group conflict was pervasive throughout the Soviet hierarchy. The branch ministry structure gave different ministries exclusive rights to represent particular interests, and from the Brezhnev period onward it was expected that each ministry would promote its interests as effectively as possible. This interest group activity was often centered on distributional struggles, and the potentially negative effects of such activity was held in partial check by the Party's responsibility of ensuring that "encompassing interests" of the state would be pursued.

In the 1970s, powerful and influential "branch clans" came into being, which included Party and KGB organs, and which reduced the Party's ability to make independent decisions in the economic sphere. The branch clans were increasingly coming to see the property they controlled as their own. Gorbachev's attention to interest diversity added fuel to this smoldering fire. By focusing persistent attention on contradictory interests in the society, along with his emphasis on enterprise self-management and self-financing, and the regional redistribution of power, Gorbachev furthered the process of ideological fragmentation that had become evident earlier. The result was accelerating movement away from state socialism and loss of authority at the center, which was followed by the focused consolidation of alternative structures and linkages among many interest groups within the Soviet Union.
Not all was as it appeared here, because although Gorbachev spoke of a transition to the market in a socialistic context, it is clear that within his inner circle of advisers socialism itself was being pointedly rejected. As Party conservatives increasingly resisted perestroika initiatives, Gorbachev's response centered around mobilizing diverse societal interests to counter official opposition and to accelerate the momentum of restructuring. In a fundamental sense, though, the formal linkages that had been forged through seven decades of CPSU rule, and the informal arrangements that had been worked out to cut through mountains of bureaucratic regulations, all depended on at least the appearance that collective interests prevailed over self interest. This perspective facilitated political cooperation among diverse nationality groups, fostered the redistribution of considerable stocks of resources from richer regions to poorer ones and supported the idea that personal sacrifice was desirable in the pursuit of a socialist ideal. That keystone was dislodged with Gorbachev's increasingly urgent attention to interest divergence from 1985 onward.

The poor performance of the Soviet economy was a major factor in calls for economic reform, of course, and in the willingness of many among the country's ruling elite to embrace radical change. But the plot is not that simple. The overarching concern about economic performance was also accompanied by a very different theme--the drive to "privatize" power through the control of property. Thus the interests of many members of the nomenklatura would be supported by a reduced role for the state in economic management--one of Gorbachev's priorities. Recommendations for this reform direction had become commonplace during the first half of the 1980s, although such proposals remained controversial. As many members of the economic bureaucracy saw it in 1985, the task at hand was to continue the evolutionary process through which their hold over state resources was becoming ever firmer, and to accelerate and give it new expression.

Yet Gorbachev had not come to power with the approval of only economic elites who wanted more independence. He was also supported at first by the military-industrial complex and a variety of other interests as well. Many people saw in Gorbachev the potential to realize their particular objectives, across the spectrum of perspectives that were prevalent at that time. His was an alliance, then, that could not hold. Its component parts were too diverse. And it quickly became apparent which interests would prevail if his restructuring efforts were successful. As Gorbachev lost the support of the military-industrial complex and other powerful interests that depended on large state subsidies, his approach increasingly emphasized political over economic restructuring. It was Gorbachev's democratization initiatives that made Yeltsin's rise to power possible, and activities among diverse interest groups that were forged in this context, spearheaded most notably by intellectuals and regional leaders, ultimately contributed importantly to bringing the Soviet system down. The ferment of this period produced new formations and influenced the rankings of others. These developments continue to shape economic and political relations in Russia today.

Enterprises with products that can be exported for hard currency have tended to fare best in recent years--a reordering that became pronounced after 1985. The military-industrial complex and machine
building have been the big losers, in general. Many who had established de facto claims to state property before the beginning of large-scale privatization, on the other hand, were finally able to secure property ownership through the Gaidar-Chubais privatization program. Additionally, a number of influential players that emerged in the late 1980s as heads of new economic entities--financial groups, joint ventures and cooperatives--have gained increasing prominence in the 1990s, and most have been further transformed.

The "unity of interests" doctrine that was discredited during Gorbachev’s tenure has not been replaced since that time by a coherent and authoritative foundation for relations of obligation and reciprocity. As a result, no effective restraining principle is now operative to keep competing interests in check. This crisis of values today threatens destabilization in every sphere of Russian society. Further, attention to the requirements for effective representation of divergent interests has not been comprehensively maintained during the Yeltsin years. Enterprises that could benefit from trade with the West have been major beneficiaries of policy decisions under Yeltsin, and Western governments and financial institutions have also enjoyed success in widening the opening that Gorbachev created for the advocacy of policies that they favor. Yeltsin’s conception of national interest has been less focused than Gorbachev’s, however.

Yeltsin and his circle have accepted the need to hold contested elections, albeit hesitantly in 1996. But beyond this minimal requirement for democratization of the formerly one-party Soviet system Yeltsin has shown scant interest in promoting measures that would contribute to the development of civil society in Russia. Finally, in contrast with the Gorbachev period, since 1991 the state bureaucracy has grown dramatically, and corruption today exceeds, by most accounts, even that which prevailed during the Brezhnev era.

Because interest groups operate within the domain of larger social forces, any consideration of the efficacy of particular kinds of interest representation must take into account broader questions of the possibilities for economic improvement from the Gorbachev period onward, and of the potential avenues that have been available for reform. We will return to these questions in the papers that will follow.²

²This is the first in a series of reports resulting from a research project on the topic Regional Politics and Interest Groups in the Consolidation of Russian Economic Reforms. An earlier Report "Post-Voucher Russian Entrepreneurship" by the same authors, which in part treats the topic briefly, was distributed by the Council on November 15, 1995.
CONTINUITY AND CHANGE IN INTEREST REPRESENTATION
FROM THE SOVIET PERIOD TO THE PRESENT

Lynn D. Nelson
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Introduction

At the time that Gorbachev became general secretary of the CPSU, the Party's monopoly position in the political sphere, and its rationale for playing the dominant role in economic and social arrangements as well, centered on a single thesis—one which had been prominently stated and emphatically endorsed from Lenin's time onward. The Party so fully represented the people's will, it was held, that "the interests of the people and the interests of the Party are one." More specifically, as Party leaders emphasized repeatedly, the interests of the working class were preeminent. The entire society was expected to promote working class interests unswervingly. Kirill Mazurov presented a typical statement of this doctrine during the 1968 anniversary celebrations, declaring that "in the Soviet state there is not, and there cannot be, any social group which would have the privilege of evaluating its own activity otherwise than from the viewpoint of the aims and political interests of the working class." With this doctrine as the mainstay of Party control, Vladimir Mau observes, when any reforms were introduced they were expected to support "the illusion about the existence of a broad unity throughout the entire society."

Gorbachev broke with this orthodoxy. From the beginning of his tenure as general secretary (and even earlier, as we will indicate below), he persistently drew attention to interest divergence in Soviet society—at first, in an effort to pursue the hoped-for homogeneity of advanced socialism, but soon in an attempt to make divergences of interest a lever in his restructuring campaign. Early in this effort, Gorbachev began bringing interests in to dilute the power of opponents to reform. The interests that came to the fore in this effort were, in addition to the public interest which he often mentioned, also interests of work collectives, ethnic groups, and others. It was thus that Gorbachev broadened the acceptable range of interest articulation and representation in the USSR.

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*This widely-publicized slogan was well known among the population at the time.


*Vladimir A. Mau, *Ekonomika i vlast': Politicheskaia istoriia ekonomicheskoi reformy v Rossii 1985-1994* (Moscow: Delo, 1995), 14. It was in that context that Vilen Ivanov, then director of the Institute of Sociology, discussed the question of interests with a Pravda reporter in October 1984. "As it is well known," Ivanov stated, "the 26th Congress of the Communist Party concluded that the classless structure of our society will come into being in principle and in its fundamental form in this, the current stage, of developed socialism." That is why the Institute of Sociology is studying paths that are leading to the increasing homogeneity of society, he added (C. Kolesnikov, "Shagi perestroiki," Pravda, no. 290 [16 October 1984]: 3.).
Gorbachev’s attention to the "divergence of interests" theme facilitated developments which worked strongly against another prominent emphasis of his early reform agenda: that of strengthening research and production in the high technology branches. Public interests\(^6\) would have to be underscored in order to both ensure the degree of centralized planning necessary to pursue this objective in the system as it was structured and to justify the level of funding that would be required for substantial improvement in high technology research and production. The viability of this notion was being undermined, however, by the new "divergence of interests" message that was repeatedly delivered in calls for perestroika by Gorbachev and his circle. To further complicate interest group\(^7\) activity, it soon became apparent to branches that received generous state subsidies and expected to benefit from the high technology emphasis, such as the military-industrial complex, that significant erosion of the "unity of interests" doctrine would imperil their own favored positions in the branch hierarchy. They were unable, however, to stop the process.

The incompatibility of these two themes would effectively obstruct efforts to establish a coherent reform course, and it would ultimately contribute to the dissolution of the Soviet Union itself.

Gorbachev recognized that there was risk in encouraging the elaboration of private interests in a socialistic context; but he believed that the strengthening of interest articulation and interest group activity could be kept within boundaries that would produce the results he wanted--that a collectivity

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\(^6\)We use the term "public interests" as synonymous with public goods. Later, we will introduce a related, but not always synonymous, term, "encompassing interests." Murrell and Olson define the generic term "encompassing interest" as "any interest [in a society] whose stake is large in relation to the society as a whole" (Peter Murrell and Mancur Olson, "The Devolution of Centrally Planned Economies," Journal of Comparative Economics 15 [1991]: 253). See also Mancur Olson, The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities (New Haven: Yale University Press, 1982), 47-53.

\(^7\)When interests are articulated and represented collectively, among individuals or institutions that share certain interests in common, then "interest group" activity is often said to be taking place. The literature is inconsistent, however, about what level of organization, and what kinds of interaction, qualify interest representation as "interest group" effort. For some analysts, an "appropriate degree of institutionalization" is required. (See Graham K. Wilson, Interest Groups [Cambridge, MA: Basil Blackwell, 1990], 9.) For others, a "pattern of interaction" among representatives of a shared interest is enough for action to be designated interest group activity. (See, for example, David B. Truman, The Governmental Process: Political Interests and Public Opinion [New York: Knopf, 1951], 508.) For still others, aggregates of people who share a common interest comprise an interest group, whether or not they have organized or even interacted. (See Virginia Sapiro, "When Are Interests Interesting?," American Political Science Review 75 [1981]: 701-16.) As we use the term "interest groups," they are collectivities of individuals or organizations sharing common interests and working together, at least occasionally, in pursuit of these interests. An interest group according to this definition, then, could have very little structure as a "group," but it does require some. For fuller discussions of the interest group characteristics, see, for example, Mark P. Petracca, "The Rediscovery of Interest Group Politics," in The Politics of Interests: Interest Groups Transformed, ed. Mark P. Petracca (Boulder: Westview Press, 1992), 4-7; Vladimir Lepekhin, Lobbizm (Moscow: Fond "IQ," 1995), 4-6; Alan Cawson, "Introduction," in Alan Cawson, ed., Organized Interests and the State: Studies in Meso-Corporatism (Beverly Hills: Sage, 1985), 3-6; Stephan Haggard and Robert R. Kaufman, The Politics of Economic Adjustment: International Constraints, Distributive Conflicts, and the State (Princeton: Princeton University Press, 1992), 27-30; Adam B. Seligman, The Idea of Civil Society (New York: Free Press, 1992), 163-65; and H. Gordon Skilling, "Groups in Soviet Politics: Some Hypotheses," in Interest Groups in Soviet Politics, ed. Skilling and Griffiths, 24-29.
orientation could be retained, in the process of perestroika, which would preserve the system of socialistic ownership. The opposing forces that were unshackled following the onset of Gorbachev's reform initiatives were not to be kept in check, however, by "public interest" appeals.

It soon became clear that certain economic interests would benefit from Gorbachev's initiatives at the expense of others. Some of the most striking of the reversals of fortune had not been anticipated by key groups that had supported Gorbachev at the time he replaced Chernenko, but which now were finding themselves disadvantaged by the changes that were underway—especially within the military-industrial complex, agriculture and among many Party elites. This result was implicated in the 1991 coup, but the coup's collapse further imperiled the favored positions of the interests that had conspired to unseat Gorbachev. What followed was a rapid joining of diverse interests, both within Russia and on the outside, that came together in support of actions that would bring an end to Soviet power. This development would strengthen the positions of several established and newly emerging interest groups—a subject to which we will return in another paper.

In the wake of political fragmentation and the severing of interrepublican economic ties, many interest groups and coalitions within Russia that had been powerful in the Soviet Union remained virtually intact. Indeed, they were often now even more unshakeably in control of the domains they had supervised earlier. Further, the conflict continued between interests that favored economic rationality and those that depended on the "encompassing interests" perspective. Within each camp, new allies would be sought and new alliances forged, with attending inputs of resources and other forms of support. As this struggle continued through the mid-1990s, at the national level it shaped the course of property redistribution under Gaidar and Chubais and dictated particular foreign policy directions for the Russian Republic. It also created the conditions which brought on the Chechnya conflict. The characteristic effects of this duality of emphases have been somewhat different at the national and the regional levels in Russia, and they have also varied from region to region, as we will indicate in later reports.

From the outside, it seemed that in the 1990s Russia was attempting what had never been done before—to establish a contractual basis for economic relationships on the foundation of authoritarian and densely integrated, if now decapitated, political and economic structures—arrangements that had been worked out painstakingly to functionally knit together the special interests of powerful bureaucratically organized groups. The view on the inside does not match, in critical respects, this "outside" perspective—a divergence we will examine in subsequent papers.

In the first several sections of this paper we will locate recent developments in Russia's political and economic spheres in their larger historical, structural and institutional context. Then, we will summarize dimensions on which our initial theoretical framework has evolved in the course of this

*(speech by M.S. Gorbachev).*
study and highlight features of interest group arrangements in Russia today that will be examined in subsequent papers.

The Evolution of Sectoral and Regional Interest Representation before Gorbachev

In 1985 a finely-tuned system of interest representation through corporatist lobbying arrangements was in place. It was comprised largely of sectoral and regional interests and interests associated with the Party apparatus. Sectoral interests within the branch ministry system, which had been created by Stalin, seem to have actively asserted their divergent positions even during the Stalin era, and conflicts of interests between the Party apparatus (partapparat) and the economic bureaucracy (khozapparat) were also evident before Stalin’s death—conflicts that would soon intensify and would continue through the end of the Soviet period. Yet under Stalin, any indication that interests were being promoted other than those that were clearly within the domain of recognized “state interests” was swiftly punished. The problems of centralized planning that had led to creation of the ministerial system in the first place continued to mount, however, and further reorganizations followed. In 1956, a Plenum of the Central Committee concluded that competition among ministries was partly to blame for the planning problems with which the country was continually struggling, and the next year Khrushchev managed to abolish a large number of economic ministries altogether, in favor of regional economic councils (sovnarkhozy) whose activities would be formally coordinated by Gosplan.

Thus began an era in which regional interests, whose political influence had been ensured from the beginning by the formal authority structure of the USSR, came to occupy a central position in economic decision making as well. Merle Fainsod describes this development during the period

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9See Lepekhin, Lobbizm; and Ekspertynyi institut RSPP, Lobbizm v Rossii: Etapy bol’shogo puti (Moscow: Ekspertynyi institut, 1995).

10Jerry F. Hough and Merle Fainsod, How the Soviet Union is Governed (Cambridge: Harvard University Press, 1979), 476. The statements we refer to concern the activities of Politburo members who became spokesmen for specialized interests. It is reasonable to infer, then, that sectoral interests were being promoted by branch ministry representatives, also.

11See Ernst Kux, “Technicians of Power Versus Managers of Technique,” in Sidney I. Ploss, ed., The Soviet Political Process: Aims, Techniques, and Examples of Analysis (Waltham, MA: Ginn, 1971), 145-83 (first published in 1958); Aleksandr Iakovlev, Predislovie. Obval. Posleslovie (Moscow: Novosti, 1992), 134-35; and Nikolai I. Ryzhkov, Desiat’ let velikikh potriasenii (Moscow: Kniga.Prosveshchenie.Miloserdie, 1995), 62-67. (Note: Here, as elsewhere in this report, we have used the Library of Congress transliteration system for names and titles taken from the Russian. In the narrative, however, we have substituted customary English-language spellings.)


13The institutionalization of sectoral interest representation in the economy had a political counterpart in CPSU and government structures where, at different levels—from All-Union, to union republic, to krai/oblast, raion and city—jurisdictional oversight specific to each particular level made it possible for party secretaries to establish a powerful presence at their particular level, with impressive resources at their command. See Alexander Yanov, Detente after Brezhnev: The Domestic Roots of Soviet Foreign Policy, trans. Robert Kessler (Berkeley: Institute of International Studies, 1977.) Under this arrangement, party leaders and government executives within a region often worked together
when sovnarkhozy were still taking the place of industrial ministries, noting that "Where the old ministerial system stimulated autarchic or 'empire building' practices on an industrial-sector basis, the new sovnarkhozes unleash similar tendencies on a territorial basis." Fainsod continues, "The sovnarkhozes, by the very nature of their limited territorial jurisdictions, are not oriented to take account of national needs."14

The sovnarkhozy were abolished in 1965 and the industrial ministries were reconstituted. Brezhnev promised "stability of cadres" as an alternative to the "hare-brained schemes" that had become a defining feature of the Khruschhev period, but the planning structures that had been erected, only to be reworked and in this case torn down and then rebuilt, had acquired distinctive features in the process—features that would continue to define the shape of economic planning in the Soviet Union. Both ministerial interest articulation and interest representation by regional leaders had become prominent features of planning and administration. Although CPSU officials at the highest level attempted to enforce unified party control through regional party and governmental organizations, local party officials not only shared common interests with enterprises that were prominent in their regions, but by Brezhnev's day these groups had often forged strong ties. Thus, regional leaders and local enterprise directors were often formidable allies in the competition for resources and other benefits from the state, which meant that sectoral interests frequently found support among the very CPSU officials whose job it was to maintain party control over branch ministry operations. Some "branch clans" had established such strong influence over decision making by the 1960s that the Communist Party could not control them. Khrushchev tried, and his restructuring strategy may have been implicated in his dismissal. Ultimately, the attempt failed.15

Under Brezhnev, lobbying arrangements were worked out that kept the planning process well oiled, if not well ordered according to the theoretical ideal of top-down administration. By the mid-1960s Western scholars, if not their Soviet counterparts, were writing of interest group conflict throughout the Soviet hierarchy.16 The branch ministry structure gave different ministries exclusive rights to represent particular interests, and from the Brezhnev period onward it was expected that each ministry would promote its interests as effectively as possible.17 Within each branch ministry sector, also, competing interests persistently jockeyed for advantage. Several different kinds of coalitions

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16Gordon Skilling delivered a paper advancing this hypothesis in 1965, and a number of related works followed. See especially Skilling and Griffiths, eds., Interest Groups in Soviet Politics.
17For an overall perspective on interest group representation within the branch ministry system, see Ekspertynyi institut RSPP, Lobbizm v Rossii, 9-10.
were formed for interest representation within sectors. Enterprises that were connected to one another through production chains or some other functional linkage created unions to represent their common interests. Another mode of interest representation within sectors took the form of collegia that were comprised of representatives from a ministry, directors of enterprises, and administrators from scientific production unions and research institutes. Within-sector lobbying was also structured according to regional background and other forms of personal association.

This interest group activity was often centered on distributional struggles, and the potentially negative effects of such activity—particularly when it was a pervasive feature of both political and economic institutions—was held in partial check by the Party's responsibility of ensuring that "encompassing interests" would be pursued. These arrangements were legitimated by the doctrine which proclaimed that there was a "unity of interests" among all of society's individuals and constituent organizations. Thus, although regional and sectoral interest group activity was intense, special interests had to be pursued through means that could be justified as promoting the realization of overarching state interests.

It was according to this formula that regional leaders, branch ministers, enterprise directors and union representatives sought benefits for their organizations and the individuals who staffed them. Thus, a labor leader might ask for improved recreation facilities at a factory by suggesting that better working conditions would contribute to improved worker productivity, and West Siberian regional elites could lobby for state investment to develop their oil reserves on the grounds that hard currency earnings which would help the state budget could thereby be increased.

The CPSU faced two distinctively different problems in carrying out its task of promoting the encompassing interests of the state as the activities of interest groups expanded following the Stalin era. The first was a classic example of the difficulty of effectively pursuing the common interests of a large group, over time, in the face of special interests which tend to both become more numerous and also to achieve more effective organization as they mature. In the Soviet Union, sectoral and regional interest groups and collusions increasingly challenged the "leading role" of the Party, in practice although not overtly. A second process, described by Alexander Yakovlev and others, eroded, from the inside, the Party's distinctive position as guardian of state interests. This came about as individuals who joined the apparatus often favored special interests over more encompassing interests.

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18Distributional struggles, as Mancur Olson defines phrase, are those in which "none can gain without others losing as much or (normally) more." See Olson, The Rise and Decline of Nations, 47.
19See footnote 4.
22Murrell and Olson, "The Devolution of Centrally Planned Economies," 257.
because of having retained ties and loyalties to the branches or the regions from which they had come.\textsuperscript{23}

Vladimir Lepekhin underscores the larger significance of these developments, arguing that perestroika actually began during the 1970s, as the most powerful and influential "branch clans" created "indissoluble entities" that included Party and KGB organs. From that time forward, he suggests, "decisions of national importance were made in the interest of branch clans—a number of which were, in practice, beyond the control of even the Politburo. The country was at the mercy of monopolies," Lepekhin argues, "which increasingly usurped both power and property."\textsuperscript{24}

Georgii Arbatov, adviser to five general secretaries and longtime director of the Institute for the Study of the USA and Canada, identifies one of the mechanisms through which ministries prevented effective Party oversight: "All decisions were made at the very top, but at the same time, ‘the top’ could not, in practice, make a single decision. For every one of them, an endorsement was needed" within the apparatus, he observes.\textsuperscript{25} Gorbachev himself attested to the accuracy of that judgment on a number of occasions.\textsuperscript{26} Nikolai Ryzhkov, chair of the Central Committee’s Economics Department under Yuri Andropov and chair of the Council of Ministers under Gorbachev, adds additional detail, noting that the organizational structure of the Party and the government were also inadequate to counter the negative effects of interest representation within branches. Maintaining that "both the Central Committee and the Council of Ministers had been lacerated by departmentalism" at the time that Andropov became general secretary," Ryzhkov adds, "Every department tried to take the [shared] blanket for itself, because there was no composite department in the Central Committee that could formulate overall economic policy."\textsuperscript{27}


\textsuperscript{24}Lepekhin, Lobbizm, 19.


\textsuperscript{26}See, for example, "O khode realizatsii reshenii XXVII s”ezda KPSS i zadachakh po uglubleniu perestroiki," Pravda, no. 181 (29 June 1988): 4 (speech by M.S. Gorbachev).

\textsuperscript{27}Ryzhkov, Desiat’ let velikikh potriasenii, 36.
The Analytical Foundation of Gorbachev’s Evolving Perspective on Interests

At the time that Gorbachev came to power, the "unity of interests" doctrine was the principal remaining deterrent to the more aggressive and straightforward pursuit of economic interests, at the level of certain branches and enterprises, and also of political interests, among elites in republics and regions. A notable crack in the ideological facade on the subject of interests had been exposed, however, in a 1982 article by Anatoliy P. Butenko, of the Institute for the World Socialist System. Butenko had suggested that the contradictions which are prevalent under socialism tended to retard national development. These contradictions were not resolvable, he maintained, before the attainment of communism itself.28 The implication in this argument that antagonistic interests were an ongoing feature of the Soviet system was not acceptable in 1982, and Butenko’s article was sharply criticized. It was subsequently repudiated by the editorial board of Voprosy filosofii, where it had been published. In their response, the Voprosy filosofii editors observed that, as Lenin had said, "antagonism and contradiction are not at all the same. The first disappears, but the second remains, under socialism."29

During the two years that intervened between the publication of Butenko’s controversial article and Voprosy filosofii’s reply, the subject of interests became a lightning rod for discussions about reform in the USSR. How to create social policies that would put personal and group interest articulation to use in furthering societal goals, while ensuring that an effective incentive structure would be provided for economic improvement, came to be seen as a pressing question for Soviet planning.30

An article by Andropov that was devoted to issues surrounding "the building of socialism" appeared in Kommunist three months after he became general secretary. Andropov took care to emphasize that in promoting "the interests of the society as a whole" under socialism, "it does not follow that, in the name of the public good, socialism suppresses or ignores interests--personal or private interests, or local interests--or specific needs of different social groups."31 Andropov’s article reflects the delicate balance in official interpretations of interest representation that prevailed at this time. Although individual and group interests now had to be taken into account, the state clearly came first, and lower-level interests had to be seen as blending with state interests. Without this

30 As Butenko phrased the problem, it was necessary to formulate policies so that "every member of the society, in pursuing his own interests, will act in the interest of the production collective, and that these interests [of the production collective] would further the realization of society’s main goals." Butenko continued, "To provide such improvement in relations and such coordination of interests is the authentic mission of the ruling party and state organs" ("Protivorechiia razvitiiia sotsializma kak obshchestvennogo stroia," 22).
reasoning, a single overarching political party could not be justified as speaking for all the people. This was also the principal rationale for suppressing the economic mechanism in the society. But Tatyana Zaslavskaya’s "Novosibirsk Report" was soon to upset that balance, and to cause the attention of both decision makers and scholars to become even more markedly riveted on questions surrounding interest articulation and representation in Soviet society.32

Zaslavskaya’s April 1983 paper, which was presented at a closed seminar in Novosibirsk, not only faulted the continuing predominance of administrative methods in economic management, as well as restrictions on informal economic activities, but also took a decidedly more aggressive position about interests than any earlier work that had attracted widespread notice. Zaslavskaya’s interpretation of interest representation under socialism was notably inconsistent with the position that Andropov had taken just two months earlier. Whereas Andropov had suggested that one of the "qualitative landmarks" on the path toward communism would be "a classless structure of the society inside the historical framework of developed socialism,"33 Zaslavskaya’s report challenged the "notion . . . that there are no deep, much less antagonistic contradictions between individual, group and public interests under socialism." Her discussion of this point highlighted the "interests of different classes and social groups." Even more bold was her hypothesized trajectory of interest diversity. Whereas Butenko had discussed the importance of reducing the prevalence of contradictory interests through adjustments in the political and economic spheres, Zaslavskaya saw the increasing complexity of the national economy as expanding the range and intensity of interest diversity, and by implication also antagonistic contradictions. Not only was there no indication in Zaslavskaya’s formulation that interest antagonisms were likely to subside in the future, but even more striking was her emphasis on individual rights in this context, as well as her warning that "the main body of skilled workers" both "accurately recognizes its own interests and can defend them if necessary."34

For Zaslavskaya, the analysis of contradictory, and even antagonistic, interests in Soviet society would be a critical step toward facilitating economic development.35 After Gorbachev became general secretary, she began to place particular emphasis on the advantages this analysis would have for

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32A number of other analysts, also, expressed discontent with different aspects of the existing system during this period, and called with varying degrees of openness and urgency for fundamental changes. An article in Voprosy istorii by Evgeni Ambartsumov, for example, used the subject of NEP (the New Economic Policy) to argue for the expansion of private enterprise in the Soviet Union (E.A. Ambartsumov, "Analiz V.I. Leninyrichin kriyiza 1921 g. i putei vykhoda iz nego," Voprosy istorii, no. 4 [April 1984]: 15-29.). Condemnation followed swiftly in the pages of Kommunist (E. Bugaev, "Strannaa pozitsiia," Kommunist, no. 14 [September 1984]: 119-26), and the editors of Voprosy istorii subsequently recanted (V. Trukhanovskii, "V redaktsiiu zhurnala ‘Kommunist’," Kommunist, no. 17 [November 1984]: 127.).


34"The Novosibirsk Report," Survey 28 (1984): 89, 91. Before Zaslavskaya’s paper exposed this issue to the world, a sizeable mass of opposition to Soviet "business as usual," and to working assumptions of the CPSU leadership, had already developed within the intelligentsia—a large number of whom were high-ranking representatives of officialdom.

35Ibid., 106-08.
identifying the sources of opposition to perestroika. Knowing more about the opposition was important, she believed, to overcoming resistance to reform.36

Although Andropov, following Lenin, reintroduced the idea of glasnost into Soviet discourse just a few weeks after the Novosibirsk seminar, it was soon evident that Zaslavskaya’s views had met with official disfavor. A reprimand from the Party followed the public release of her report, for "lax security over official documents," as Zaslavskaya later characterized it.37 And as if to warn other scholars that Zaslavskaya’s perspective was a deviation from the Party position, at that June plenary session of the Central Committee Andropov spoke pointedly of the need to instill in the masses "a better understanding of the Party’s policy," so that they would not fail to "see it as their own, as a policy that meets the vital interests of the people." There was no talk here about contradictory interests, much less about antagonistic ones. Rather, Andropov spoke of "an appreciable advance toward the social homogeneity of society," and he warned that "When a Communist Party’s leading role weakens, the danger of sliding into a bourgeois-reformist path of development arises," where "self-styled pretenders to the role of spokesman for the working people’s interests appear in the vacuum that is created. . . . In the final analysis," Andropov emphasized, "what can divide us is immeasurably less than what we have in common as the builders of a new society."38

Three Transition Phases under Gorbachev

Because the overall pattern of political and economic transition away from state socialism during the Gorbachev years was complex, fluid and multilayered, it eludes tidy characterization. Yet, our analysis suggests that, for a large number of individuals and groups that were central to the transformations which occurred in all spheres of life during the Gorbachev period, three general phases of transition can be identified. The process of ideological fragmentation that was evident at the time Gorbachev became general secretary gave way to one of accelerating momentum away from state socialism. That a qualitative new phase had begun by mid-1988 was obvious to Gorbachev himself at the time of the June Party Conference. It was clear, on a variety of dimensions, that something important had changed.39 Movement had indeed become manifest on a number of fronts—but toward what? Out of this second phase away from the old order came focused consolidation of alternative structures and linkages among diverse groups in the third phase of transition. This development often


39 See, for example, “O khode realizatsii reshenii XXVII s”ezda KPSS,” 2.
included theoretical reformulation of outlooks and expectations according to new principles—arrangements and perspectives that continue to profoundly shape developments in post-Soviet Russia.

**Ideological Fragmentation**

Both ideological and economic factors contributed to the tidal wave of change that accompanied Gorbachev’s *perestroika* initiatives. An ideological upheaval was clearly in progress among the top echelon of Party decision making from 1985 onward—a decisive departure from core principles which had long guided policy making. It is debatable just how much power Party officials commanded by this time, in contrast to economic elites. Yet it is clear that the Party set the country on a different course under Gorbachev, and one that would mean diminished authority for the Party itself. A number of initiatives were undertaken early in Gorbachev’s administration that pointed toward potentially dramatic changes in the types and scope of Party supervision over the economic and political spheres.

In the fall of 1986, for example, the Central Committee created a special group to develop, in Valentin Pavlov’s words, “a conception of new economic mechanisms which would provide a gradual transition to the market.” (Pavlov was a Gosplan official at that time and later became prime minister.) He adds, “Obviously, the word ‘market’ was sounded only orally . . .” But as Pavlov saw it, what was being discussed was how to improve the socialist system—not how to dismantle it. Pavlov notes that in December 1986, “in one variant of Gorbachev’s report [for the June 1987 Plenum], it was written directly and openly that the country needs legalization of private property for the means of production.” But Pavlov thought of this innovation as being "in addition to the state sector," and not as a replacement for predominating state ownership.

Our analysis suggests that Pavlov’s perspective was characteristic of the thinking among many reform-oriented Party and economic elites at that time. Ideological fragmentation among the USSR’s decision makers and planners had reached a critical point, and traditional orthodoxies could not be sustained among a large number of them. “Everything’s rotten,” Eduard Shevardnadze said to Gorbachev in late 1984. “It has to be changed.” Yet this position was not predominant in 1985 and 1986, and the kind of work that was being carried out in the Central Committee toward the development of market relations did not enjoy majority support. Pavlov observes that the conservatives could have stopped the movement forward had they chosen to. Why did they not? What was underway eluded their grasp, Pavlov insists, and his conclusion is substantiated by a variety of sources—among both reformers and conservatives. Writing later about these developments, Yegor Ligachev finds it difficult to judge whether the ultimate momentum away from traditional socialist property

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40 See Ibid., 4.
43 Pavlov, *Upushchen li shans?*, 43-44.
ownership" was planned ahead of time or not. . . . But," he adds, "most significant in this case is the
fact of departure from the strategy chosen collectively in the Politburo."44

For some among the Party’s leadership, the process of rethinking would mean a complete loss of
faith in the system as it existed. Yakovlev, for example, whom Gorbachev appointed to head the
propaganda department in 1985, and who was soon one of the two closest policy advisers to
Gorbachev (along with Shevardnadze), later acknowledged that during the perestroika period he had
not only "come to reject Marxism as a guide to action" but that he had also taken the position of
"testifying to the defeat of socialism."45 Highlighting the same theme in his foreword to a 1992 book
by Yakovlev, Alexander Tsipko observes that Yakovlev had told him in the autumn of 1988 that "‘It’s
time to say that Marxism was, from the very beginning, utopian and a mistake.’"46 Among most of
these elites for whom the Communist path was approaching a dead end by 1985, however, just what
should come next was not obvious.

The Key Catalyst. A crystallization of divergent ideological positions within the Party hierarchy
had been evident in Khrushchev’s time, although these developments were kept out of the public eye,
for the most part, until the early 1980’s. As Stephen Cohen points out in his introduction to Yegor
Ligachev’s memoirs, Khrushchev’s reforms were so divisive that they resulted in the formation of
"something akin to subterranean crypto-parties" inside the CPSU.47 Cohen discusses three intra-Party
groupings: anti-Stalinist reformers, who favored political liberalization and economic reforms; neo-
Stalinists, who wanted to restore pre-Khrushchev orthodoxies; and conservatives, who hoped to
preserve the post-Stalin status quo. As heir to these divisions, Gorbachev brought the issues on which
they centered to center-stage prominence with his persistent emphasis on glasnost’.

Glasnost’ was critical in both focusing and broadening the debate, and thus in intensifying it. In
all spheres of Soviet society—political, economic and social—the formal linkages that had been forged
through seven decades of CPSU rule, and the informal arrangements that had been worked out to cut
through mountains of bureaucratic regulations, all depended, in a fundamental sense, on at least the
appearance that collective interests prevailed over self interest. This perspective, and even this
pretense, facilitated political cooperation among diverse nationality groups, with their varied cultural
traditions. It fostered the redistribution of considerable stocks of resources from richer regions to

Fitzpatrick, Michele A. Berdy and Dobrochna Dyrcz-Freeman (New York: Pantheon Books, 1993), 320. According to
Gavrill Popov, as well as several others whose works we cite in this paper and whom we have interviewed, the move
away from socialism was planned—and concealed. See, for example, Gavrill Popov, Snova v oppozitsii (Moscow:
46Aleksandr Tsipko, "Pravda nikogda ne opazdlyaet," in Iakovlev, Predislovie. Obval. Posteslovie, 5. In the
narrative of the book, also, which was begun in 1987, Yakovlev highlights his preference for a market economy over
other economic arrangements.
Gorbachev’s Kremlin, xx.
poorer ones. It supported the idea that enormous personal sacrifice was desirable, in the pursuit of a collective socialist ideal.

Gorbachev’s insistent attention to contradictions of interests among different groups and strata within the USSR both accelerated and broadened the ideological fragmentation within the Party and government leadership—a development that we will discuss in more detail below. It was thus that the veneer of a unity of encompassing societal interests was peeled off, plainly revealing the pervasiveness of interest group activity throughout state and Party structures.

The Significance of Leadership Changes. Replacements in Party leadership contributed further to the change in how the CPSU’s top echelon viewed their own roles after the mid-1980s. A year after Gorbachev’s appointment, almost half of the members of the Politburo and Secretariat were new people, and slightly more than half of the Central Committee membership were new. Replacements continued in subsequent years—all of which increased the representation in these bodies of people who were expected to support Gorbachev’s positions.48 Most did, in the main, but there was considerable conflict within the party’s inner circle—a very different situation from the one described in Gorbachev’s public statements during that period. At a Central Committee Plenary Session on June 25, 1987, for example, Gorbachev stated that there was “a unity of viewpoints in the leadership of the Party and the country on the fundamental issues of restructuring.”49 But Nikolai Ryzhkov, who had been a Gorbachev appointee to the Politburo (full membership) in 1985, identified the June 1987 Plenum as marking “the beginning of a new stage of economic restructuring”—one which had come about after much disagreement within the Politburo and the Central Committee and with which Ryzhkov and some others disagreed strongly. “For me it was clear,” Ryzhkov wrote later, “that the time was not right for some of [Gorbachev’s] proposals and that others were absurd. . . . The Politburo meetings [during that time] were stormy, tense and long.” Ryzhkov continues, underscoring the deep rift within the leadership, “Two ‘positions’ became clearly apparent. One side were ‘realists,’ who were schooled in production, [and] the other, those who came to top positions of power on the basis of Komsomol and Party careers.”50 As other general secretaries had learned earlier, Gorbachev found that replacing people in positions was not always enough to build a critical mass of support for policy innovations.

The Economic Factor. The poor performance of the Soviet economy was a major factor in the dissatisfaction we highlighted above, of course, and in the willingness of many among the country’s ruling elite to embrace radical change. Indeed, it was the unsatisfactory economic situation that

48Stephen White provides a useful overview of these appointments in After Gorbachev (New York: Cambridge University Press, 1993), 18-22.
50Ryzhkov, Desiat’ let velikikh potriasenii, 195. Also see, for example, Ligachev, Inside Gorbachev’s Kremlin, 85-86.
Gorbachev himself emphasized repeatedly as the most compelling argument for restructuring, and economic improvement was clearly one of his goals. But the plot is not that simple. The overarching concern about economic performance was also accompanied, especially among the USSR’s economic bureaucracy and a number of intellectuals, by a very different theme—one that has been underscored by several analysts. Egor Gaidar highlights this point nicely in his book The State and Evolution. A fundamental objective of many among the nomenklatura, Gaidar maintains, was the "privatization" of power, through the process of transforming it into property. "In the 1970s and 1980s, it was clear that under capitalism they themselves would be in command," Gaidar argues, thus ushering in "'our' capitalism—nomenklatura capitalism. Perhaps this is not how they thought, but it is how they felt."  

The interests of these members of the nomenklatura would be supported by a reduced role for the state and the Party in economic management. Recommendations for this reform direction had become commonplace during the first half of the 1980s, although such proposals remained controversial. Before Chernenko’s death, among the Politburo’s members it was Gorbachev who showed the greatest promise of sponsoring the nomenklatura interests of which Gaidar and others speak. As many members of the economic bureaucracy saw it in 1985, the task at hand was to continue the evolutionary process through which their hold over state resources was becoming ever firmer, and to accelerate and give it new expression—as Arbatov described the situation, to introduce "the serious changes" for which the country was "ripe, and even overripe." The nomenklatura had come to recognize themselves "as an independent social force, with special interests," Gaidar argues, and they "were expecting a 'renewal,' which they connected with Gorbachev." Arbatov’s interpretation is

51Speaking to Khabarovsk Party functionaries in July 1986, for example, Gorbachev stated, “I would put an 'equal' sign between the words "restructuring" and "revolution" ("Perestroika neotlozhna, ona kasaetsia vsekh i vo vsem," Pravda, no. 214 [2 August 1986]: 1 [speech by M.S. Gorbachev]).


54Arbatov, Zatianuvsheesia vyzdorovlenie, 335. See also Ryzhkov, Desiat’ let velikikh potriasenii, 72-73.

55Gaidar, Gosudarstvo i evoliutsiia, 126, 130.
the same. "By the time of Chernenko’s death," he maintains, "the prevailing opinion was that the only adequate candidate for the leader’s role was M.S. Gorbachev."56

Gorbachev signalled his readiness to champion the cause of decisive change even before he became general secretary. He suggested in a March 1984 speech, for example, that "the initial stage of perestroika [then already underway, as he saw it at the time] . . . must be expanded both in breadth and in depth."57 Speaking even more pointedly three months before Chernenko’s death, in December 1984, Gorbachev highlighted his enthusiasm for "truly revolutionary" solutions to economic management and added, "It is necessary to look at many aspects of socialist competition in a new way, with a fresh look—to reject obsolete approaches and methods."58 In office, Gorbachev quickly articulated the priorities that people were ready to applaud who favored a weakened role for the state. Citing positive results of the economic experiment that had been started under Andropov, Gorbachev proposed the introduction of "genuine economic accountability," along with a reduction of centralized control over enterprises in favor of more autonomy and a more effective incentive structure.59

The "Interests" Emphasis. Gorbachev did not come to power with the approval of only economic elites who wanted more independence. He was also supported at first by the military-industrial complex and a variety of other interests as well. Many people saw in Gorbachev the potential to realize their particular objectives, across the spectrum of perspectives that were prevalent at that time. For example, Yakovlev describes the view among a number of conservatives, observing, "The changes of 1985 were met by the Party apparatus with the hope that they would strengthen the power of the Party and ‘put in their place’ the other parts of the triumvirate that had been managing to escape control."60

56Arbatov, Zatianuvsheesia vyzdorovlenie, 339. See also Ryzhkov, Desiat’ let velikikh poriasenii, 72-73. Zhores Medvedev believes that "if Chernenko had lived for another month, Gorbachev would probably not have stood a chance of becoming General Secretary" (Zhores A. Medvedev. Gorbachev [New York: W.W. Norton, 1986], 6.). See also Mikhail Shatrov, 'Neobratimost’ peremen', Ogonek, no. 4 (1987): 4-5. Whatever other developments were possible at that time, it is clear that Gorbachev was the obvious choice among a broad spectrum of reform-oriented elites—and, as Arbatov points out, Gorbachev supporters were a diverse group (p. 339).

57Mikhail S. Gorbachev, Izbrannye rechi i stat’i, vol. 2 (Moscow: Politizdat, 1987), 38. The speech was delivered at an All-Union Economic Conference. See also "Zhivoe tvorchestvo naroda," Pravda, no. 346 (11 December, 1984): 2 (speech by M.S. Gorbachev).

58"Zhivoe tvorchestvo naroda."


60Iakovlev, Predislovie. Obval. Posleslovie, 139. The triumvirate of which Yakovlev speaks consisted of the Party apparatus, the economic apparatus and the apparatus of force (KGB, military and police). For a complementary view, see Arbatov, Zatianuvsheesia vyzdorovlenie, 339. This point is critical for the analysis of interest representation before the breakup of the USSR. In our view, Gorbachev became general secretary with strong support among the Soviet elite, rather than in the role of a reform pioneer with whom "the ruling oligarchy" consented “to go along” (T.H. Rigby, The Changing Soviet System: Mono-organisational Socialism from its Origins to Gorbachev’s Restructuring [Brookfield, VT: Edward Elgar, 1990], 211.).
Gorbachev seemed to be following the established Party approach to the building of socialism during his early days as general secretary, as he set out to mobilize "all the forces" in the Soviet Union to achieve the goal of restructuring. In 1984, he had even recalled Stalin’s industrialization campaign in urging a strong collective effort, emphasizing that "the process of economic intensification must be given a genuinely nationwide character." This was the usual way to pursue a national objective, and in this approach Gorbachev was following in the footsteps of the general secretaries who had preceded him. Always, the rationale for this course had been the same, as we pointed out above: a "unity of interests" that was thought to prevail throughout the society. From 1984 through 1986, Gorbachev was calling for more convergence of interests in anticipation of the emerging homogeneity of which Andropov and others had spoken—suggesting that the interests of individuals, of collectives and of the state needed to be more closely aligned.

It was evident, toward the beginning of his tenure as general secretary, that the solution Gorbachev envisioned for the interest divergence that existed remained largely Brezhnevian. Thus, even while following Zaslavskaya in noting that interest diversity was notable in the USSR, he argued that it was socialism itself which created "all the diversity of interests, wants and abilities among people." This was a positive feature of socialism, he believed, because "the unity of socialist society is not at all a leveling of public life." Yet, he insisted, the Soviet people were "welded together by the unity of economic interests, ideology and political aims."  

Gorbachev’s thinking about interests had taken a critical turn by 1987, however, as his references to interest divergence were increasingly giving way to an emphasis on the "contradictions . . . of interests among different groups in the population, collectives, departments and organizations." By this time, Gorbachev seemed to be preoccupied with the subject of interests. Although he continued to voice concern about "the problem of harmonizing public and private interests," he was now suggesting a very different way of dealing with interest divergence than had been evident in the thinking of earlier Party leaders. "The essence of perestroika, in the end, consists of taking interests into account, in influencing them, in managing them and [managing] through them," he insisted in an address at the June Plenum of the Central Committee. "Interests," he said the next day at the Plenum’s concluding session, "have to become the spring that will impart new dynamism to our economic
system and to the overall work of the economy." This was a novel approach to interests in the context of the Soviet system—a point we will detail below.

It seems clear that at the time of the June 1987 Plenum, Gorbachev was not ready to abandon the socialistic conception of interest articulation and management. He did not want to give up on the idea that a harmonization of interests could be achieved at the societal level within the framework of perestroika. "The new system will be efficient only if it manages to combine and harmonize the diverse interests of our society," Gorbachev maintained, "including not only interests of enterprises and branches, but interests of republics, krais and oblasts, cities and districts." Nor were individual interests left out of this equation. Indeed, Gorbachev argued, "Under the conditions of perestroika, the problem of harmonizing of public and private interests appears in a new light. . . . We are talking here about considering the entire spectrum of interests: the person's, the collective's, the class's, the nation's, the ethnic group's, the social group's, the professional group's . . . —to ensure the dynamic development of society." As Gorbachev saw it, it was through the coordinated harmonization of interests that interest articulation under socialism diverged from the same process under capitalism, because "socialism eliminates antagonism of interests." How was a harmonization of divergent interests to be achieved? Gorbachev had begun his tenure as general secretary emphasizing that the core interests around which all others were to be shaped and toward which they should gravitate would be the interests of the working class. But there were two problems here. First, large numbers of people did "not recognize their true interests," Zaslavskaya complained in an April 1987 Izvestia interview. Indeed, she insisted, "the public passiveness of a huge mass of people is . . . an active factor in impeding restructuring." Thus, for her "the main guarantee of irreversibility of progressive social changes" was "a developed social consciousness of the ordinary" people. "Interests, in general," Zaslavskaya continued, "is the key word in the problem of social consciousness." Second, it appears that some of the analysts Gorbachev relied on for ideas did not agree with him that what was needed was a harmonization of interests around working class themes. For example, when Zaslavskaya was asked, in her Izvestia interview, if she was speaking explicitly about "the interests of the working class, the peasantry and the intelligentsia," she answered, "No; I'm talking

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68 "O zadachakh partiio korennoi perestroike upravleniia ekonomikoi," 5.
70 See "O zadachakh partiio korennoi perestroike upravleniia ekonomikoi," 1; and "Politicheskiii doklad TsK KPSS XXVII s'ezdu KPSS," 6.
about much more split-up groups." Citing the "five different social orders" that Lenin had identified, "each of which was represented by several strata and groups," she continued, "I am deeply convinced [that there should be] more. This is a general law of any process of development." Whereas on the one hand, Zaslavskaya held that "special work" was needed which would be directed toward "strengthening the unity of all strata and groups," on the other, her thoughts about preferred directions for interest articulation and representation would not seem likely to produce that result. She stressed, for example, that perestroika opened up for the technological intelligentsia "opportunities for all kinds of individual and family endeavors," and that, "to the best and brightest, perestroika promise[d] both better opportunities . . . and better incomes and prestige." While continuing to mention socialism in her writings and discussions, Zaslavskaya had by this point moved notably away from basic tenets of the variety of socialism on which the USSR's core institutions had been built.

**Accelerating Momentum away from Socialism**

Speaking to a diverse group of elites in May 1988, Gorbachev outlined his perspective about the goals of the upcoming 19th All-Union Party Conference. He hoped that the conference would give perestroika "a powerful new impetus" which would guarantee "the irreversibility of the process." Observing that a second stage of perestroika had now begun, Gorbachev proclaimed, "We have reached the acceleration stage in the trajectory of perestroika." And indeed, there had been a notable change, as several speakers at the conference pointed out. What was less clear, however, was whether the forces that Gorbachev had helped to unleash were headed in a direction that anyone had intended or whether, instead, they resembled more "a raucous fight in a communal kitchen," as the first secretary of the board of the USSR Writer's Union characterized some of the products of perestroika. Arbatov noted that "it is as if we have managed to loosen a huge boulder and move it from its resting place." Arbatov knew that "things have been put into motion." What neither he nor other conference participants were able to articulate, however, was where that activity was leading the country.

During the first phase of reforms, Gorbachev had wanted to pursue his objectives within the existing Party and state apparatus. By the end of 1987 it was clear, however, that the plan was not succeeding. Several weeks before the noteworthy 19th Party Conference began, Gorbachev had complained that conservatism continued to hamper his restructuring efforts—this, in spite of the fact that he had replaced 66 percent of all ministers, and 61 percent of first secretaries of regional Party

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73Ibid.
committees and Soviet executive committees. "These are the kinds of replacements that there have been," Gorbachev stressed. But this approach had not worked. "The past has put its stamp on them," he maintained. Therefore, Gorbachev proposed, "Mechanisms are needed that will work continually, through public opinion, pushing up talented, energetic and truly capable people into positions of leadership at all levels. This is better and more reliable than making appointments from above. This is democracy." 77

Thus was ushered in an approach to restructuring that was pointedly political, and aimed at interest mobilization at the grass roots level. At the 19th Party Conference, Gorbachev underscored that shift in strategy by advocating the "unhindered formation and identification of the interests and will of all classes and social groups." 78 He hoped, in this way, to oversee the shaping of a "more multilayered and more complex" society that would thrive "within the framework of our general socialist choice." 79 This approach signified that the economic improvement emphasis with which he had begun his term had become a distinctly secondary concern. Politics was now the dominating focus of his attention—political action in the Western mode, aided by public opinion polling and mass media appeals. Zaslavskaya would direct the public opinion component, through the survey research center that had been approved recently by the Central Committee, and Yakovlev would oversee an active effort among like-minded journalists to marshall public dissatisfaction with the old order. Grass roots politicization would provide the cleansing fire, he believed, which would overcome the opposition forces that continued to obstruct his perestroika initiatives. 80 But as interests were increasingly articulated by diverse groups, some of them new and others reorganized, the voices that proved to be strongest were not to be constrained by Gorbachev's vision of socialism. 81

The Consolidation of Alternative Structures and Linkages

Activities that promoted interest representation according to new principles--ones at variance with the "unity of interests" theme that had been the keystone of Soviet authority--were becoming increasingly open and widespread from 1985 onward, as constraints were lifted and the pursuit of interests at the individual and group levels was increasingly encouraged. Perestroika initiatives meant that managers were being warned that they might lose their jobs, because of unsatisfactory performance or a negative vote among workers, while at the same time they were being told that they

77"Cherez demokratiizatsiiu--k novomu obliku sotsializma," 1.
78"O khode realizatsii reshenii XXVII s"ezda KPSS i zadachakh po uglubleniu perestroiki," 4.
79"Cherez demokratiizatsiiu--k novomu obliku sotsializma," 2.
80Ibid. See also Mau, Ekonomika i vlast', 20.
81Several analysts have attributed greater autonomy and effectiveness to grass roots activism than we deem to be justified—a subject to which we will return in a later paper. See, for example, M. Steven Fish, Democracy from Scratch: Opposition and Regime in the New Russian Revolution (Princeton: Princeton University Press, 1995); and Geoffrey A. Hosking, Jonathan Aves and Peter J.S. Duncan, The Road to Post-Communism: Independent Political Movements in the Soviet Union, 1985-1991 (New York: Pinter Publishers, 1992).
should use their own initiative to secure self-financing of their enterprises. Republican and regional heads were being threatened with dismissal, just as it was becoming acceptable to build grass roots support around regional and nationalist concerns. Workers were being actively urged to identify their core interests and pursue them.

The ferment of this period produced new formations and shuffled the rankings among others—developments that continue to shape economic and political relations throughout the former Soviet Union and in Russia today. During this phase, not only did economic rationality become an increasingly important basis for the initiation of new policy directions in the economic and political spheres, but interest group linkages outside the traditional domain of Soviet influence also gained rapidly increasing prominence—particularly linkages with Western governments and financial organizations. The roots of the USSR's changed relationship with the West can be traced to an earlier period—even as early as the 1970s, as the relative prominence of oil exports grew--, and a further stimulus for the strengthening of ties with the West came in 1986 with the drop in world oil prices. The consolidation of new arrangements for interest representation in this third phase of transition under Gorbachev made Boris Yeltsin's rise to power possible, as he stepped in during the late 1980s to claim leadership of a cluster of diverse interests that were just then coming to be more coherently and broadly articulated. It was activity among alliances that were forged during this consolidation phase, spearheaded most notably by intellectuals and regional leaders, that ultimately brought the Soviet system down. We will examine these developments in a later paper.

**Interest Representation under Yeltsin: Continuity, Reversals and Policy Developments**

Whereas at the beginning of our work on the 1995-96 project, we conceptualized the Yeltsin reforms as having moved from an early "initiation" phase to a second, "consolidation," phase (see technical appendix, page 25), the findings from our current research support a different interpretation. In the economic sphere, the post-Gorbachev period has seen striking continuity with earlier trends, with some notable exceptions. The period from late 1991 through the conclusion of the voucher privatization program in mid-1994, then, rather than being an initiation phase of economic reforms, can be more usefully viewed as a continuation of the consolidation phase whose outlines were already visible before the Gorbachev period ended. Except for overnight price liberalization, the Yeltsin reformers implemented little that represented a sharp break with developments that were already underway, although certain specific features of the Gaidar-Chubais privatization program worked to the advantage of a different set of interests from those that had earlier seemed likely to be privatization's chief beneficiaries.

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Developments in the political sphere under Gorbachev and Yeltsin have diverged sharply, and in their own ways each of these trends has inhibited the building of enduring institutions for democratic decision making.

These points require detailed discussion, as do a number of specific policies that have been initiated under Yeltsin—innovations which signify that certain interest groups have clearly benefited from the concentration of power in the executive branch. What follows is an overview which we will amplify in later reports.

**Continuity with the Pre-Gorbachev Period**

The corporatist structure that characterizes political and economic relations in Russia today bears striking resemblance, in its general form, to that which prevailed in the Soviet Union of 1985—before Gorbachev’s *perestroika* and *glasnost*’ initiatives (with some important exceptions). Overall, sectoral groups (remnants of the old USSR branch ministry system) and regional interest groups remain the most powerful, and their lobbying system is largely intact, although the CPSU is no longer a part of the network and key new channels for interest representation have appeared. These groups often operate without significant competition or organized opposition. The most successful enterprises continue to be monopolistic, for the most part, and they have established close connections with executive power structures. The state continues to be the source of a broad array of benefits and opportunities, and decision making process through which these advantages are awarded to groups and individuals remains largely hidden from the public and the press.

**Continuity with Developments under Gorbachev**

Since 1991 there has been further consolidation of numerous interest group arrangements that were already taking clear shape when the Soviet Union broke up—processes that in many cases had a long history but which acquired new meaning as the "unity of interests" doctrine lost its former prominence. Particularly important outcomes of these processes have been a reordering of the interest group hierarchy, the privatization of property to the benefit of members of the former nomenklatura who had already established property claims before the demise of the USSR, the emergence of new economic entities, and a continuing inability to establish a compelling ideological basis for encompassing societal interests.

Enterprises with products that can be exported for hard currency have tended to fare best in recent years—a reordering that became pronounced after 1985. The military-industrial complex and machine building have been the big losers in general (although a few export-oriented enterprises within this grouping have done well)—this, in spite of Gorbachev’s initial emphasis on strengthening high technology. The deterioration in this sector gained rapid momentum under Gorbachev, as we indicated above, and it accelerated further after the breakup of the USSR. Clear winners under Gorbachev were
fuel and energy, metals and mining, certain regional and republican elites, and others who had established de facto claims to state property before the beginning of large-scale privatization. These interests were finally able to secure property ownership through the Gaidar-Chubais privatization program.

Additionally, a number of influential players that emerged in the late 1980s as heads of new economic entities--financial groups, joint ventures and cooperatives--have gained increasing prominence in the 1990s, and most have been further transformed. Many of these organizations began as products of CPSU structures, the existing production system and the Soviet Union's shadow economy.  

The "encompassing interests" framework which was discredited during Gorbachev's tenure has not been replaced since that time by a coherent and authoritative foundation for relations of obligation and reciprocity. As a result, no effective restraining principle is now operative to keep competing interests in check, through shared reference to overarching "rules of the game." This crisis of values threatens destabilization in every sphere--economic, political and social.

**Trends Away from Gorbachev Initiatives**

The most significant reversal of Gorbachev-period developments has been a decisive departure from Gorbachev's attempts, albeit not entirely consistent, to move the Soviet Union toward a more broadly representative political system, with an active legislative branch. These initiatives were promoted partially in the interest of giving Gorbachev a lever against his opposition, as we have suggested, and this utilitarian approach to democratization helps to explain why some participants in those developments blame Gorbachev in retrospect, along with his "democratic allies," for not having

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83Financial groups emerged from the restructuring of the banking system that began in 1987, when a two-tiered structure was created. At first, five specialized banks took over non-central banking activities, but in 1988 and 1989 a large number of commercial banks were established as cooperatives or joint-stock companies. Seventy-seven commercial and cooperative banks (CCBs) were in operation by the end of 1988, and by September 1990 there were more than 400. At the time of the Soviet Union's demise more than 1,500 CCBs had been licensed in the Russian Federation. It was announced in January 1987 that joint ventures would be permitted, and by mid-1990 more than 1,700 joint ventures had been registered. Most of those employed no more than 50 people, but eight had more than a thousand employees. Finally, a variety of nonstate enterprise structures--cooperatives, other new small enterprises, and leasing operations--quickly began to emerge within the Soviet Union following a series of laws and decrees that became effective from 1987 onward. By August 1991, more than 111,000 were in operation and a much larger number had been registered. See International Monetary Fund, The World Bank, Organisation for Economic Co-operation and Development and European Bank for Reconstruction and Development, A Study of the Soviet Economy, vol. 2 (Paris: OECD, 1991), 108-15; The World Bank, Russian Economic Reform: Crossing the Threshold of Structural Change (Washington, D.C.: World Bank, 1992), 108; and Lynn D. Nelson and Irina Y. Kuzes, Property to the People: The Struggle for Radical Economic Reform in Russia (Armonk, N.Y.:M.E. Sharpe, 1994), 22-30.
used his considerable power "for the public good." Yeltsin's political agenda has been quite different. Following after the "anti-establishment" rhetoric which was Yeltsin's principal tool in his initial drive for power, Yeltsin's chief continuing strategy for reinforcing his position has been to seek charismatic authority to legitimate a consolidation of power on the basis of existing bureaucratic structures. Yeltsin has turned decisively away from the "grass roots activism" focus that Gorbachev emphasized—choosing instead to discourage the expression of divergent positions in favor of a convergence of interests, in the familiar mode of pre-Gorbachev times. In pursuing these policies, Yeltsin has lost notable support among the Russian intelligentsia, but this approach has found approval among key interests in the West.

Also in contrast with the Gorbachev period, the state bureaucracy has grown dramatically during the Yeltsin years, and corruption in the bureaucracy today exceeds, by most accounts, even that which prevailed during the Brezhnev era.

**Interest Groups and Recent Policy Developments**

Yeltsin's approach, which had a primarily negative basis in the late 1980s, began finding clear direction in the 1990s through the active lobbying of interest groups that saw in Yeltsin a vehicle for the pursuit of their "anti-establishment" objectives. The most striking policy developments under Yeltsin can be traced to the active lobbying of such interest groups, both within Russia and on the outside. The most influential groups of this type inside Russia have been those wanting both vigorous state sponsorship in the pursuit of their objectives and insulation from the encompassing interests focus that prevailed earlier in the USSR. Enterprises that could benefit from trade with the West have been major beneficiaries of policy decisions under Yeltsin. Western governments and financial institutions, also, have enjoyed notable success in widening the opening that Gorbachev created for the advocacy of policies that they favor. Gorbachev broke with the longstanding isolationist policy of the Soviet Union vis-a-vis the West in attempting to utilize "new thinking" in foreign policy for the pursuit of domestic goals, especially in the areas of economic improvement and democratization. Yeltsin's conception of national interest has been less focused than Gorbachev's, however—a point that requires detailed elaboration and will be discussed at length in a later paper.

The Yeltsin period has seen concerted efforts by the center, on the one hand, and by regional interest groups and alliances, on the other, to gain ascendancy in the political and economic spheres. If nationality interests contributed importantly to bringing the Soviet Union down, regional interests

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85There is an abundance of evidence in support of this point. We will discuss it in detail in a later paper. For example, Gavriil Popov provides one "insider's view" in *Snova v oppositsii* (p. 78).

86Stephen White provides a useful review of Gorbachev's thinking on these themes (Stephen White, *After Gorbachev* [New York: Cambridge University Press, 1993], 192-204.).
within Russia continue to be the engines of ongoing internal dynamics on several fronts, and there is continuing negotiation between federal-level and regional interests on a variety of dimensions. These processes are different from region to region, and there are sharp divergences among regions in the structure of regional power and influence. This subject will be a unifying thread of the project reports that will follow.

**Interest Representation and the Momentum of Change**

Because they operate in the context of larger social forces, individual interest groups have limited potential to influence societal developments, no matter how powerful they may be relative to other interests. Thus the broader questions of the possibilities for economic improvement at the time Gorbachev introduced his restructuring initiatives, and of the potential avenues that were available for reform at that time, are central to any consideration of the efficacy of particular kinds of interest representation. Put differently, if the subject is fuel and energy, for example, it is important to separate the effectiveness of this complex in pressing its interests from the subject of whether it was inevitable that the emphasis in Russia's production system would shift away from manufactured products and toward exportable raw materials—whatever kinds of actions interest groups and alliances might happen to take, or however skillfully they might represent those interests. In a like vein, a reversal of Gorbachev's democratization initiatives would be seen as predictable if Russia in 1991 was simply "not ready for" broader, more representative structures for the institutionalized articulation of divergent interests. Several analysts have made both of these assumptions in accounting for Russia's recent economic decline and its turn toward more concentration of power in the executive branch. If those assumptions are correct, then interest representation within identifiable groups and alliances played a relatively modest role in the dynamics of change that have reshaped the former Soviet Union on some critical dimensions. These assumptions require examination in the process of analyzing the implications of interest representation during the Yeltsin period and earlier.

Several additional questions are embedded in these assumptions concerning inevitability and readiness—especially, questions about strategies and timing in the pursuit of restructuring, and questions about the management of change in bureaucratic institutions. Such considerations underscore the difficulty of assessing the efficacy of particular types of interest group activity, or even the overall importance of interest representation in affecting the course of events in times of broad societal transformation. We will return to this theme in the papers to follow in this series.
An Initial Theoretical Framework

Consistent with a substantial body of theoretical and empirical literature concerning the political economy of reform, we began our 1995-96 data gathering project with the assumption that the Yeltsin reforms could be fruitfully seen as having moved from an early "initiation" phase to a second, "consolidation," phase. Our previous research, and also the works of others, had detailed critical features of the period from late 1991 until the conclusion of the voucher privatization program in 1994. We had found evidence that political developments in the 1991-94 period in Russia bore the stamp of the "politics of initiation" during the first phase of a reform program--a period during which, as Stephan Haggard and Robert Kaufman describe it, "politicians and their technocratic allies" sometimes seem to be more insulated "from particular interest group constraints" than is usually the case either before or after the initiation phase.\(^1\)

As Haggard and Kaufman comparatively summarize findings from a number of studies, the "politics of consolidation" in the second phase of reforms demand "a somewhat different balance between state autonomy and the representation of interests"--one which requires studied constituency building and the crystallization of alliances among affected interest groups.\(^2\) Consistent with this position, Peter Evans suggests that the state autonomy which offers advantages in the initiation phase of structural transformation should give way in the consolidation phase to a broader organizational autonomy in which the state "is more embedded in society than insulated."\(^3\) In the consolidation phase, reformers try to "stabiliz[e] expectations around a new set of incentives and convinc[e]

\(^1\)This Technical Appendix is anticipated to apply to the entire forthcoming series of Reports and will be referred to in them.


economic agents that they cannot be reversed at the discretion of individual decision-makers. It is at this point that the fit of state initiatives with effectively voiced interest group concerns becomes critical to maintaining the direction and momentum of reforms. John Waterbury argues, because "top-down change without the support of organized constituencies probably cannot be sustained."

Neocorporatism's embeddedness emphasis, however, may often overstate the capacity of officials to set policy agendas and orchestrate exchanges with private sector interests. Yet the clearest alternative to the corporatist perspective, pluralist theory, has the frequent disadvantage of attributing disproportionate influence to interest groups whose actions may be independent of the state. As representatives of the statist perspective have pointed out, the pluralist approach often exaggerates the degree to which state actions are constrained by societal interests.

Merilee Grindle and John Thomas's interactive model of reform implementation suggests an analytical approach that confronts these limitations of neocorporatism and pluralism while also incorporating key features of these divergent approaches. We have found this perspective useful in developing the analytical framework for this study, and we will consider specific features of their interactive model in subsequent reports.

Grindle and Thomas view reform as a process "in which interested parties can exert pressure for change at many points" and from a variety of locations. Within this framework, inquiry into reform politics attends to both processes that further consolidation and those that promote...
modification or reversal of reform initiatives, and the degree of embedded autonomy that characterizes state-society relations during structural transformation becomes a central question for analysis. Robert Bianchi points to a related research imperative in distinguishing between "the pluralist network of private voluntary associations and the corporatist network of semiofficial compulsory associations" that may be simultaneously involved in policymaking and implementation issues. In both categories can be found interest group activity that has been directed toward economic and political issues in the Soviet Union and Russia. The uses to which we put these formulations are clarified by our research objectives and research questions, which will be discussed in broad outline below and elaborated in later papers.

**Approach, Data and Methods**

**Objectives.** The execution of our current project has been grounded in four objectives, which emerged from our initial theoretical framework. First, we wanted to describe the evolution of strategies, organizational arrangements and features of interest articulation that have been important to privatization and entrepreneurship from the late Soviet period until now. Second, we wanted to assess the relative effectiveness of official bodies and competing interest groups in achieving their aims during the current phase of Russia's transition. Third, we planned to identify features of the transition that seem to have been particularly noteworthy in both promoting and hindering achievement of the decision makers' goals at both regional and national levels. Finally, we considered it important to locate these economic and political developments in the larger structural and institutional context of Russian society.

**Dimensions of the Inquiry and Types of Data Collected.** Our previous research, combined with other related theoretical and empirical work, provided the foundation for a number of research questions that we articulated before the 1995-96 data collection phase began---questions which guided our construction of semi-structured interview guides and which also pointed us toward other primary and secondary data that we continue to collect from a variety of sources. Our preliminary set of questions was revised markedly as data gathering proceeded, consistent with our iterative research strategy (discussed below).

One set of questions that we posed concerns the overall pattern of political developments and organizational emphases which has evolved under Yeltsin. A second set structured our inquiry into

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specific privatization and entrepreneurship issues which we identified as significant and illustrative cases in each of our five research locations. A third group of questions highlight policy implications of the study.

**Research Locations and Data.** Our 1995-96 research was carried out in Moscow (city), Ekaterinburg and the surrounding Sverdlovsk oblast, Voronezh (city and oblast), Smolensk (city and oblast), and Kazan and the Republic of Tatarstan. This study is an extension of earlier projects that we carried out in 1992-93 and 1993-94 in all of these regions except Tatarstan. Our objectives in this research program are both descriptive and theoretical, as we seek to utilize earlier findings in clarifying the process of institution building under conditions of structural transformation.

We collected several types of both national- and regional-level data for the study, including background contextual and statistical information regarding recent reform developments and primary and secondary documents from a variety of sources. A key element of our 1995-96 data collection project included 1,508 investigative interviews (discussed below) with respondents who have been involved in economic reform issues: 537 in Moscow, 363 in the Voronezh oblast, 244 in the Smolensk oblast, 278 in Tatarstan, and 86 in the Sverdlovsk oblast. We interviewed elites, opinion leaders and other strategically placed individuals from business, government, politics, labor, the media, academia and other related spheres, utilizing a theoretical sampling procedure and network sampling for respondent selection--seeking to identify people in each region who were knowledgeable about the themes of our interviews and, in many cases, who were centrally located in networks that were critical to our research problem. Interviewing began in mid-February 1995 and

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14We had originally planned to conduct 360 interviews in the Sverdlovsk oblast, but shortly after Lynn Nelson arrived in Moscow in late January, it became evident that we would have difficulty in Ekaterinburg and the Sverdlovsk oblast obtaining the volume of data there that had originally been anticipated. Local officials were making it known that they did not want to cooperate--a situation we have encountered before in that region. We studied our options in Ekaterinburg with the aid of Boris Berzin, who served as field work director there in 1993. A group of his colleagues also participated in these discussions, which continued through the end of February. Berzin's view was that we should abandon our plan to work in the Sverdlovsk oblast this year, because of official resistance. We did not want to choose that path, both because the political and economic situation there was intriguing in light of our research problem, and because we wanted to update the longitudinal data we had gathered in that region during 1992 and 1993.

Ultimately, we assigned the responsibility of field work direction in Ekaterinburg to Elena Petrovna Markelova, a specialist who works with political parties and public unions in the office of the Presidential Representative in the Sverdlovsk oblast, and we scaled down the number of interviews to be conducted there. Markelova was ideally positioned to elicit much cooperation from local officials as we could hope to receive, and we knew that she was well-regarded by key individuals from whom we wanted to secure interviews and other information for the study. We decided to seek around 100 interviews in Ekaterinburg/Sverdlovsk oblast rather than the 360 that we had originally planned, and to gather the other primary and secondary data there that were highlighted in the project proposal as planned.

This change in the Sverdlovsk region made it possible for us to add Tatarstan to the study. Our preliminary work in late January and February had convinced us that research in Tatarstan would provide valuable information for our inquiry into regional politics, because of Tatarstan's initiatives which had led to a greater degree of regional autonomy than had been gained by other regions in our study. On the regional autonomy dimension, Tatarstan and Smolensk are in some ways at polar extremes from one another.
continued until late August. Additional follow-up interviews were conducted in Moscow during May 1996 which addressed key points that were highlighted in our earlier interviews. We selected respondents who have been involved in economic reform issues and activities related to democratic institution-building, broadly conceived. We are continuing to collect additional data related to our research questions.

An Investigative Approach to Interviewing. We utilized interview data in this study for the purpose of adding detail and depth to our understanding of developments that were germane to our research questions, rather than counting responses in the customary survey research mode or illustrating positions or perspectives with quotations from specific individuals. Our interviewing was directed toward filling in details that would otherwise have been missing from our inquiry, had we been limited to the other primary and secondary data sources at our disposal, and also toward pointing us in directions that we might not have taken without the benefit of information that we obtained and connections that we were able to establish through person-to-person data collection that included focused discussion about narrowly framed subjects.

We did not weigh heavily in our analysis the discrete opinions of individual respondents. Had that been our approach, we would have provided tables which tallied responses to questions that had been posed in a methodologically consistent manner. Rather, in this research when there were inconsistencies in responses to particular queries, we probed more deeply and broadly, both in a single interview and in subsequent interviews--often selecting additional respondents specifically for the purpose of clarifying such ambiguities. Our aim was quite different, then, from that of researchers who want to learn how opinions or behaviors are distributed in the population. In sum, we used the investigative interviewing strategy to facilitate the analysis of political and economic activity in reference to specific themes and issues.

Method. Our initial theoretical framework, which had emerged over the course of data collection and analysis in our earlier studies, enabled us to make selective use of the analytic induction and grounded theory approaches for broadening our inquiry in this round of data collection and building into the study procedures for revising and redirecting our research questions as data collection continued.15 Throughout the interview period, we followed an iterative process of interview guide

15In analytic induction, after researchers have identified central aspects of the problem to be studied, data collection is combined with analysis and reformulations in "an iterative interplay between data collection and revision of the hypothesis," as Alan Bryman and Robert Burgess identify the process (Alan Bryman and Robert G. Burgess, "Developments in Qualitative Data Analysis: An Introduction," in Bryman and Burgess, Analyzing Qualitative Data [New York: Routledge, 1994], 4.). This perspective on the interaction of data and theory during field work is related to the "grounded theory" approach, which also highlights procedures that are useful in systematizing comparison and coding. See, for example, Anselm Strauss and Juliet Corbin, "Grounded Theory Methodology," in Handbook of Qualitative Research, ed. Norman K. Denzin and Yvonna S. Lincoln (Thousand Oaks, CA: Sage, 1994); and Barney G. Glaser and Anselm L. Strauss, The Discovery of Grounded Theory: Strategies for Qualitative Research (Chicago: Aldine, 1967). We began the study with a more fully elaborated theoretical framework than the grounded theory
construction, interpretation of collected data, revision of interview guides for additional field work, and identification of the need for other sources of additional primary and secondary data. The interview guides highlighted important directions that we wanted interviewers to take in the course of the interviews, but interviewers were not tied to a restrictive list of predetermined questions. Rather, themes and specific points that should be addressed during the course of interviews were specified, and interviewers were expected, and trained, to identify promising leads which emerged as interviews were conducted. Over the course of data collection we developed four interview guides, two of which went through major revisions.

We trained our interviewers, all residents of the regions where they collected data, in the use of interview guides. We worked with separate research teams in each region and held project review seminars with each interview team, except for those in Ekaterinburg, approximately every three weeks during the first three months of data collection.¹⁶

¹⁶Because travel costs between Ekaterinburg and Moscow are quite high, and also because of the small size of the Ekaterinburg research team, the training and project review schedule was modified for that region. After three months, interviewing was completed in Voronezh, and most of it had been finished in the other regions outside Moscow, as well. We met with the field workers less frequently from that time onward (except in Moscow, where meetings were held often). Frequent telephone, fax and e-mail correspondence throughout the period also facilitated coordination.
We utilized a theoretical sampling procedure in the study,\(^{17}\) and as part of our theoretical sampling strategy we employed the network sampling technique.\(^{18}\) Our theoretical sampling procedure was oriented toward selecting respondents in each region who were knowledgeable about the themes of our interviews and, in many cases, who were centrally located in networks that were critical to our research problem.

Approximately 80 percent of the interviews were tape recorded. On a daily basis, interviewers completed a report for each interview which included transcriptions of key points in the interview and answers to questions that were posed by the project collaborators in addenda to some of the interview guides. Our questions concerned specific dimensions of the research problem appropriate to particular interview situations. They were intended to facilitate our review of progress toward realizing the research objectives and identifying needed modifications in the interview guides. Interviewers utilized recordings in preparing their interview reports, and the tapes were also selectively reviewed by project collaborators to monitor the quality of interview reports from each interviewer.

The duration of interviews was usually from about an hour to one-and-a-half hours, although a number were longer. Interview reports averaged 3.5 pages in length—for a total of about 5,300 pages.

All interview reports were stored in machine-readable form.

We analyzed interview reports as they were generated and also following the conclusion of the interview period. We utilized systematic coding and interpretation procedures in identifying and elaborating trends and patterns from the interview data. Triangulation (particularly data and investigator triangulation) and also respondent validation gave us checks on internal consistency.

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\(^{17}\)Glaser and Strauss describe theoretical sampling as a process "whereby the analyst jointly collects, codes and analyzes his data and decides what data to collect next and where to find them." (See Glaser and Strauss, The Discovery of Grounded Theory, 45. See also Janet Finch and Jennifer Mason, "Decision-Taking in the Fieldwork Process: Theoretical Sampling and Collaborative Writing," in Studies in Qualitative Methodology, vol. 2, Reflections on Field Experience [London: JAI Press, 1990], 134-61.) We did not, however, aim for "saturation," as the term is typically used in this context. (See Robert G. Burgess, In The Field [Boston: George Allen and Unwin, 1984], 56.) As Robert G. Burgess describes this approach, it "formalises various activities" that are important in field studies: "having enough evidence, having enough data in a particular area, and deciding when to move on to other related problems." (See Burgess, In the Field, 56.) Rather than seeking to produce representative samples of populations, theoretical sampling aims to facilitate sound explanatory, as well as descriptively detailed, analysis of data, by allowing researchers to overcome the restrictiveness of probability sampling in following leads and elaborating tentative findings in ways that would not be possible with probability sampling. (See Jennifer Mason, "Linking Qualitative and Quantitative Data Analysis," in Analyzing Qualitative Data, ed. Bryman and Burgess, 103.)

\(^{18}\)This approach is defined by W.L. Neuman as "a method for identifying and ‘sampling’ or selecting the cases in "an interconnected network of people or organizations" that are important to a research problem. (See W. Lawrence Neuman, Social Research Methods: Qualitative and Quantitative Approaches (Boston: Allyn and Bacon, 1994), 199.) Our list of potential respondents changed as our interview guides revised and as new directions for inquiry were identified during the course of data collection.
reliability and external consistency. We found Miles and Huberman’s tactics for testing and confirming conclusions to be useful and utilized a number of them in our analysis. Because of both confidentiality considerations and the investigative nature of our interviewing strategy, we have avoided citing interviewees by name in this report, except for cases in which we refer to their published works.


20 A. Michael Huberman and Matthew B. Miles, "Data Management and Analysis Methods," in Denzin and Lincoln, Handbook of Qualitative Research, 438; and Miles and Huberman, Qualitative Data Analysis, 262-76.