

## Corruption as a driving force and as a checks-and-balances mechanism of Post-Soviet politics

In order to undertake a serious analysis of the roots of a widespread (if not to say total, kleptocratic-type) corruption, which has been clearly understood as one of the most serious threat to any consistent program of truly democratic reform in Russia, one should start with the features of Soviet political, social and economic system in general. In my report, I would limit my analysis to the system of Soviet political elite, which is being referred to as “nomenclature”.

“Nomenclature” mechanism, as it was designed and gradually implemented during the 20-es and early 30-es, should be understood as an integral, if not the central component of the Soviet political, social and economic system, as an all-inclusive hierarchical network of command, control and communication, which could be understood, rationalized and could function properly only within the original totalitarian context. The key point, however, is that nomenclature system managed not only to outlive it’s original totalitarian context, but eventually to generate an impulse for deconstruction of the eclectic post-totalitarian Soviet system in the 80-es.

Six key features of soviet nomenclature system, relevant to our discussion were:

- **Representative cooptation:** members of the Communist party and other institutes of political system (Young Communist League, etc.) were recruited on the proportional representative basis (in terms of their class origin, age, sex, national origin, education level and occupation status) with certain systematic bias of ideological origin (that is, candidates of the working class and peasantry origin were preferred) which actually had been diminishing from decade to decade<sup>1</sup>.

- **Prevention of power inheritance (succession):** correlated informal requirement, that suggested that the offspring of top level political leaders and policy makers could not follow the steps of his/her parents in the political career<sup>2</sup>.

- **Territorial and institutional rotation (horizontal mobility):** informal requirement, that suggested that successful career should be comprised of variable experience of different regions and different institutional spheres. (Basic institutional spheres, or in other words, career ladders were (in order of diminishing power): Communist party career, Soviet (that is, the nominally representative and legislative branch) career, Young Communist League career, Industrial or Economic career, Soviet Tradeunions career). Also, power-relevant, but with limited possibilities for rotation due to their highly closed and corporate nature, careers should include KGB, Military, Law-

---

<sup>1</sup> In the last decades of the Soviet regime, this policy priorities were elaborated in the form of strictly mandated and detailed quotas, so rigid and inefficient just to remind me the most odious and widely criticized examples of affirmative action policies in this country.

<sup>2</sup> George W. Bush, for instance, could have no chance to become a Governor, a Congressman or a top-level bureaucrat, not to mention the President, under Soviet nomenclature system. Rather, his career could be limited to certain prestigious, but not power-related occupations, such as state-monopolized import and export operations, journalism, academic studies, fine arts or diplomacy at the best.

enforcement and Diplomatic hierarchies). As a rule, one could not have a successful career and reach the top level if he/she was not ready to sacrifice comfortable existence within, say, capitol-city-placed agency, for higher promotion in some distant and uncomfortable province.

- **Age rotation (vertical mobility):** also referred to as “**выслуга лет**” (term-in-office related promotion) - informal rule suggested that, other things equal, a person could reasonably expect next promotion after certain consequent terms in office.

- **Non-monetary centralized-distributed rewards (privileges):** another informal rule suggested, that under the nominal hegemony of workers and peasants, and according to the ideal of socialist equality, the salaries of top level executives and decision makers should be more or less equal to the salaries of highly qualified blue-collars. Given this limitation, appropriate motivations and intensive exploitation of intellectual and time resources, which are a distinctive feature of administration and decision making occupation as it is, used to be rewarded with non-monetary benefits, referred to as privileges (high-quality apartments, medical treatment, recreation facilities, office automobiles with drivers, for top level positions also encrypted communication devices, bodyguards, home maids, etc. In face of a chronic deficit as a distinctive feature of the planned economy, priority access for certain high-quality consumer goods was also part of privileges).

- **Wealth standard control:** correlated requirement, which attributed certain legitimate standards of privileged consumption to certain level of positions being occupied. In case of obvious and considerable exceeding of the attributed wealth standard by certain official that person had a good chance to face the Commission of Party Control or other internal investigation bodies.

The underlying rationales for these requirements actually are highly relevant to the topic of our discussion on corruption. **Representative cooptation** as well as **Prevention of power inheritance (succession)** were designed to prevent consolidation of nomenclature as a distinct, closed and self-reproducing, corrupted social class, which otherwise seemed to be almost inevitable in the absence of democratic competition. **Territorial and institutional rotation (horizontal mobility)** was designed to prevent consolidation of “iron tri-, quatro-, penta-“ or whatever “angles”, closed and nontransparent policy networks, with corruption as their distinctive feature. **Non-monetary centralized-distributed rewards (privileges)** as well as **Wealth Standard Control** seem to have obvious corruption-preventive relevance: indeed, one should have a real good imagination to figure out how to bribe an official, who’s wealth is comprised of benefits that money can’t buy, being distributed via centralized channels and subject of political control.

The nonmonetary distributed privileges clearly had been one of the most important mechanisms which kept nomenclature system work. It was a powerful and, so to say, “self-propelled” machinery of control that was able, once being launched, to continuously reproduce appropriate and prevent deviant behavior of the consequent generations of political elite. Indeed, the whole wealth and destiny (and in certain periods of time, even life) of the nomenclature member was totally dependent on his position within the hierarchy, his political credit and his ability not to violate the imposed, formal and informal rules. Deviants and violators faced severe punishment: expulsion from

nomenclature system with the gloomy perspective to live the rest of their life like a common soviet citizen. Not surprisingly, there were very few of those who dared to risk their wealth challenging the rules of the game.

Rigid and para-military design of nomenclature system perfectly matched the totalitarian nature of the original Soviet regime (20-30-es) and the ascetic personality of its creator – Stalin. It was designed as a medieval-style “Order of the swordsmen” with its total discipline and control, able to carry out messianic project of Communism. However, after the original messianic agenda had been gradually replaced by the moderate and traditionalist Imperial agenda in the 50-es and 60-es, totalitarian design of nomenclature system became more and more inadequate to the changing environment.

Rigidity and asceticism of the system had been understood as an excessive burden by the members of Soviet political elite, which has lost the fear of Big-Brother-watching-you. Like Ancient Romans of the late Republic, Soviet elite wished to put its swords aside and fully enjoy the benefits of its global power, gradually sliding into much more relaxed and hedonic high life style. Nomenclature system imposed limitations which had to be removed.

Boris Eltsin in his first memoir book “The notes of the President” (Записки Президента) gives an excellent description of this mood: he complains the uncomfortable and humiliating feeling of a soviet official observing the small labels attached to the furniture and home appliances at his vacation house. Those labels with serial numbers used to remind him that almost everything what he possessed actually remained a government property (казенное). He and his family could enjoy the comfortable wellbeing attributed to his official position, but he could not operate it as a private property, could not sell, give out as a gift or pass it to his children and grandchildren.

Three factors contributed significantly to the growing dissatisfaction of the Soviet political elite with the legacy of the totalitarian nomenclature system:

- **Demonstration effect:** since mid-50-es, Soviet elite gained widespread opportunities to travel abroad, just to be fascinated with superior standards of living on the West. The so much desired benefits of nomenclature life turned out to be gloomy parody of the real western-style high life with such attributes as limousines, luxury villas and yachts.

- **Status Stress:** socialist welfare policies of the 60-es and 70-es stimulated consumption and rising living standards within the Comecon world. Benefits previously attributed exclusively to nomenclature members, gradually became more and more accessible for average people (personal apartments, cars, vacation houses, recreation facilities and subtropical resorts etc.) Rigid nomenclature system failed to adapt to those changes, jeopardizing the self-esteem of the Soviet elite.

- **Political Instability:** popular anticommunist movements and uprisings in Eastern Europe (Hungary, Czechoslovakia and Poland) rang like a bell for Soviet political elite. The widespread confidence in the future of Soviet regime was challenged. Political unrest, - though still highly questionable as far as the global Socialist system core was concerned, - could someday pose a serious threat to the wealth of the Soviet elite, dependent on the centralized state provision of benefits.

Growing corruption of the Soviet elite can be conceptualized as a kind of adaptive reaction to the changing environment. However, Soviet elite appeared to be unready for

institutional changes aimed at the deconstruction of nomenclature mechanism. As a result, adaptation to the changing environment since late 1950-es had taken subtle, shadow and criminal forms: that is, corruption, speculation (illegal trade of imported consumer goods) and shadow economic activity.

In the second half of 1980-es, in the face of crumbling economy and growing social unrest, Soviet elite carried out the final phase of deconstruction of the nomenclature system. The formula for this deconstruction was coined as: **“converting power into property”**. Soviet nomenclature had an excessive burden of power but limited property rights: now, it came time to trade off power for tangible assets which could facilitate Soviet elite survival after the inevitable Soviet system collapse.

**Converting power into property** could be achieved by multiple ways, trivial bribery being only one, and not the major opportunity:

- Illegal privatization of the enormous Soviet public property, from personal apartments and vacation houses to industrial, infrastructural and recreational facilities;
- Shadow redistribution of state budget resources, manipulation with bank accounts, loans, investments and other instruments;
- Accumulation of IMF financial resources on the shadow foreign bank accounts with consequent appropriation;
- The abuse of insider information for the speculative activity on the stock and financial markets.

Systemic factors of and incentives for widespread corruption had been substantially enforced and enriched by ideological cleavages within the late Soviet political elite, which led to political and institutional split and conflict, personalized by Gorbachev and Eltsin. With the formation of a rival center of power within the RSFSR legislative and executive institutions, both sides widely exploited self-interests of corrupted regional bureaucracy and public sector top managers, building political support and mobilization. “Unleashing of the entrepreneurial initiative” and “getting as much sovereignty as one could sustain” were informally understood by both generators and recipients of the message as a “cart blanche” for corruption and freedom from any control.

Abrupt collapse of the Soviet system in August 1991 and the start of post-soviet radical reforms introduced new factors, which greatly facilitated widespread corruption. Faced with insufficient social and political consensus over the aims and goals of radical reform program, and the consequent crisis of policy implementation, post-Soviet Russian leaders adopted an idea of “pay-off for loyalty of bureaucracy”, first formulated by the post-Soviet Moscow mayor Gavriyl Popov<sup>3</sup>.

In the early 1990-s the hole set of articulated or subtle rationales had been introduced into public discourse, legitimizing corruption from political, economic and social points of view, with the dominant idea of corruption as an anti-friction substance for radical reforms. As a result, the level of social tolerance towards corruption rose significantly. It was greatly facilitated by corresponding rise of government tolerance towards illegal and speculative enrichment activities on the popular, grass-roots level.

---

<sup>3</sup> Gavriyl Popov is remembered for being one of the most articulated proponents of legitimate corruption in post-Soviet Russia.

First understood and implemented by post-Soviet Russian leaders as a targeted and limited tool for policy implementation, facilitated corruption gradually became widespread and total, less and less effective and controlled. Faced with the diminishing resources both for pay-off and legitimate rules-of-the-game enforcement, Russian political leaders could not ensure that “a person paid will stay paid” for any appropriate period of time. With the exhausting of public property pool and the shrinking federal budget, crisis of policy implementation and coalition building became ever more evident in 1997-1998.

Multiple “financial pyramids” collapse of 1994-95, and total banking collapse in 1998 put an end to the speculative “gold rush” and returned millions of the newly-born “middle-class” Russians back into poverty. The end of the illusory era of “unlimited possibilities” dramatically changed the public opinion towards post-Soviet political elites in general and tolerance towards corruption in particular.

Rising popular dissatisfaction with corrupted bureaucracy and financial oligarchy coincided with the dramatic split among Russian political elites and waging information wars between dominant “clans” and “families”, substantially facilitating the use of compromising information by all parties involved, and legitimating their “anti-corruption” rhetoric. The series of anti-corruption scandals since 1997, just to mention The Bank of New York case, were direct outcomes of those multiple information wars.

Starting with Evgeny Primakov, all consequent Russian Prime Ministers and top decision makers posted anti-corruption message as a primary goal of their political agendas. However, numerous and widely publicized cases with senior bureaucrats involved turned out to be nothing more than episodes in the political wars between different clans and families (Russian Attorney General Ury Scuratov case is the most obvious example).

Under President Vladimir Putin’s Administration, the story of corruption and political elite in Russia has a chance to start a new page. Playing on the controversies between different political clans and families, Putin firmly relies on the popular anti-corruption sentiments, positioning itself as a national leader not dependent on highly discredited elites and political practices of the Eltsin era. Excessive data on corrupted officials, which had been carefully gathered and systematized by the successors of the KGB during the past decade, is a powerful political tool in the hands of a leader with appropriate political will and substantial popular support.

Totally discredited by the series of information wars with each other, political elites in opposition to Putin appear to be highly vulnerable. The successors of Soviet nomenclature, while trying to gain freedom from political control and limits of the old system, have found themselves in the corruption trap, exposed to potentially even more severe and strict control of the new regime.