

The Technocratic Traps of Post-Soviet Reforms

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Back in 1995, Russian economist Alexey Ulyukaev, who became Minister of Economic Development in 2013 (and who was arrested for allegations of corruption in 2016), [stated](#):

“The main question of every evolution is constraining political power: how to provide competent decision-making, which will depend upon knowledge and experience but not upon voting results, and how to achieve a “regime of non-interference” of politics in other spheres of public life.”

This statement is an example of the technocratic approach to policymaking, aiming to insulate policy adoption and implementation from the influence of politics. Such an approach has been popular among Russia’s economic liberals since the early 1990s, but it has often led to contradictory effects in terms of both politics and policy outcomes. Why do promises of technocratic policy reforms, advocated by liberal-minded experts in Russia and other post-Soviet countries, often remain unfulfilled? The issue is related to the notion of “technocratic traps,” which is when policy reformers are isolated from public opinion, become too dependent on the personal priorities of political leaders, and face strong resistance from entrenched bureaucrats and powerful rent-seeking interest groups. When this happens, technocratic policy reforms are often curtailed. Russia’s reformers have found (and still find) themselves wedged between forces that expect policy successes and those that put up sky-high resistance.

The Origins and Substance of Post-Soviet Technocracy

In May 1992, the Czech Prime Minister Vaclav Klaus and Russian First Deputy Prime Minister Yegor Gaidar met in a beerhouse in Prague. Their discussions about economic

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policy soon evolved into a [heated debate](#) on the politics of transition. Klaus suggested that Gaidar and his team should not limit themselves to policy recommendations but become independent political actors who had to build political bases of support, compete for political power, establish political parties, and participate in elections. Otherwise, Klaus warned, policy reforms in Russia could be reversed. Russia's economic liberals, however, followed Klaus' recommendations partially and inconsistently. Their parties in the 1990s claimed to serve as junior partners in the informal ruling coalition and rarely demonstrated political autonomy from the Kremlin. Similar tendencies were observed in the 2000s, when technocratic reformers were at the forefront of policymaking in Russia but accepted Kremlin-imposed formal and informal "rules of the game" as given facts. In the 2010s, technocratic reformers in Russia continued to serve in these roles, despite the dramatic shrinking of their room for maneuver in terms of making policy. Yet many analyses of policy reforms in Russia (and elsewhere) still disregard the impact of politics as a key factor in the success and failure of policy changes.

The technocratic model of policy reforms in post-Soviet countries has faced numerous problems related to the notorious inefficiency of the state apparatus and the policy influence of interest groups. The technocratic model presupposes that politics should be banished from the policy arena. Yet politics affects policymaking due to the rise of oligarchs, cronies, friends, and followers of political leaders, whose policy influence is often very strong. In the 1990s, the influence of interest groups on policymaking was a side effect of the major decline of state capacity in post-Soviet countries. However, in the 2000s, this process became an indispensable part of bad governance: the increasingly rent-seeking manner in which Russia was governed discouraged policy reforms and reduced them to optional items on the political agenda.

As a result, Russian technocratic reformers found themselves between a rock and a hard place. On the one hand, political leaders and public opinion expected policy successes; on the other, their policy plans met fierce resistance from interest groups and the state apparatus. This situation contributed to privatization of gains and nationalization of costs. The costs of policy changes were imposed on society as a whole, while oligarchs and/or rent-seeking cronies of political leaders became the main beneficiaries. Technocratic reformers, even if they were able to implement their plans, rarely benefited from these policies themselves, but were criticized from every corner, and their achievements could be revised due to political circumstances. Still, the needs of social and economic development in Russia maintained demand for the presence of technocratic reformers in state ministries and agencies, and called for more plans for policy changes. Yet the scope of this demand declined over time, and policy reforms became increasingly unwanted. According to an analysis by the Center for Strategic Research, the "Strategy 2010" program of socio-economic policy reforms in Russia, developed by technocrats and approved by the Russian government in 2000, was less than 40 percent implemented. A similar policy program, "[Strategy 2020](#)," to some extent

developed by the same policy teams in the early 2010s, was curtailed and less than 30 percent of its plans were implemented. In light of this experience, the fate of new policy programs seems uncertain to say the least.

Still, the technocratic model of policymaking finds no alternatives in Russia. The key asset of post-Soviet technocrats is their (often very successful) professional expertise, especially in complex and technically difficult areas such as tax policies or the banking sector, where political leaders cannot govern without reliance upon qualified professionals. In essence, politicians want to avoid major crises in the governance of their respective countries and seek foolproof approaches toward, at least, the economy and finance. In addition, the participation of technocrats in informal ruling coalitions may increase the sustainability of regimes. It allows political leaders to use divide-and-rule tactics vis-à-vis their junior partners and reward successful technocrats who combine both loyalty and competence. Thus, the promotion of reforms or even the maintenance of the status quo by technocrats serves the legitimation of the politico-economic order and brings benefits to political leaders, and sometimes to the technocrats themselves. At the same time, political leaders, who may be genuinely interested in policy success, can blame technocrats for undesired costs and unintended consequences of reforms, while any positive results of policy changes may open up new opportunities for rent-seekers and increase the aggregate profits of the members of the informal ruling coalitions.

However, political leaders' support for technocratic reforms is not a guarantee of policy success: Even if this condition is necessary, it is not sufficient. If the personal stances of political leaders shift for one reason or another, then policy priorities can even change in the opposite direction. For example, the move by Russia's rulers from economic development goals to geopolitical adventures after the annexation of Crimea in 2014² put Russian technocratic reformers into a peripheral position in terms of priorities, which had been changed by Putin almost overnight. The support of political leaders is vitally important for technocrats because it gives them leverage for overcoming resistance to reforms by powerful interest groups. But sometimes even this support is not enough; strong and embedded interest groups can divert policy changes to a different direction. This is what happened with [police reform](#) in Russia in the early 2010s: The outcome of the reform was essentially limited to window dressing and the reshuffling of some personnel. And even if political leaders reduce interest groups' resistance to policy changes, technocrats are rarely able to impose their control over the bureaucrats in charge of policy implementation (especially if these policies require effective coordination of various agencies). It is not by chance that while the ministries of finance and the central banks of post-Soviet states were able to conduct successful macroeconomic policies, target inflation, and implement tax reforms, welfare policies in

² See: Hilary Appel and Vladimir Gel'man, "[Revisiting Russia's Economic Model: The Shift from Development to Geopolitics](#)," PONARS Eurasia Policy Memo No. 397, November 2015.

Russia were conducted in “muddling through” mode. The major difference was that governing state finance and reforms in this area depended on decisions made by a narrow circle of technocrats, and their formal and informal coordination enabled prudent policies. Yet, welfare policies required complex coordination not of several persons but of various state agencies on both national and subnational levels. Given the poor quality of the bureaucracy and weak incentives for reforms, it was exceedingly difficult to achieve sustainable coordination, and even the efforts of the technocrats and political leaders were not enough to resolve these issues.

The imperfect technocratic model of policymaking cannot preserve many reforms (even under favorable political conditions) from partial and inconsistent implementation, emasculation, major revision, or even complete reversal. For technocratic reformers, whose professional credibility depends on their reputation in the eyes of political leaders, a second chance for correcting errors after certain policy failures and relaunching policy reforms may never come. This fact produces incentives to use windows of opportunity only to conduct those policy reforms, which can bring immediate positive effects in the short term, while policy changes oriented for long-term advancements may be postponed. Overall, the choice of short-term priorities for policy reform reflect the fact that many post-Soviet leaders have tended to behave, in American economist Mancur Olson’s [terms](#), as “roving” rather than “stationary” bandits. Their horizons of policy planning have rarely exceeded the next election cycle, while transitions to hereditary succession of power are unlikely.

Thus, the imperfect technocratic model of policymaking in Russia (and beyond) faces major and irresistible constraints. On the one hand, technocratic reformers and their patrons among the political leaders prioritize policy reforms with short-term positive effects at the expense of long-term programs. On the other hand, the poor quality of bureaucracy and the influence of interest groups distort the goals and means of policy changes and negatively affect policy outcomes. Even if technocratic tricks have brought certain successes, their price may be prohibitively high in terms of the social bases of reforms and their irreversibility. But even if one admits these flaws and defects of the technocratic model of policymaking in Russia, to what extent are alternatives to this model possible, desirable, and realistic, and what are their effects?

Alternatives to Technocracy: From Bad to Worse?

From the viewpoint of many analysts and the technocrats themselves, the most plausible solution is a correction of the defects of the technocratic model, aimed at its improvement. The problem, however, is that “for every Lee Kwan Yew of Singapore there are many like Mobutu Sese Seko of the Kongo,”³ and not merely because of the personal traits of political leaders. Their incentives in Russia have left little chance of

³ Dani Rodrik, “[The Myth of Authoritarian Growth](#),” *Project Syndicate*, August 9, 2010.

healing the inherent defects of the current technocratic model. Quite the opposite, the poor quality of the bureaucracy and the dominance of rent-seeking interest groups makes attempts to improve the technocratic model very questionable. It may result in the expansion of (already rigid) state over-regulation and in the increase of the discretion of state watchdogs and law enforcement agencies. These changes may create new obstacles to policy reforms.

But what of the odds of a hypothetical transition from the technocratic model of policymaking to the political model bringing positive outcomes? In the short-term perspective, these odds are more than dubious. The experience of Moldova and Ukraine tells us that politically accountable governments, even if they are formed through free and fair elections, are often no better at conducting policy reforms than technocratic cabinets of ministers. In these cases, the risks of state capture from outside, by oligarchic interest groups who compete with each other over rent-seeking, are high, and policy reforms may be blocked even if they are a priority for political leaders. A chain of weak, inefficient, and corrupt cabinets of ministers is not an attractive alternative to the technocratic model.

In the case of present-day Russia, however, improvement of the imperfect technocratic model of policymaking appears unrealistic. The sad fate of Ulyukaev, a major proponent of post-Soviet technocracy, may serve as a prime example of this tendency. In December 2017, Ulyukaev, who was Minister of Economic Development during 2013-2016, was sentenced to eight years in prison due to accusations of bribery during the process of privatizing a large block of shares of the state-owned oil company Rosneft. According to many observers, Ulyukaev, who raised his voice against the proposed mechanism of privatization of Rosneft, was most probably not guilty of these criminal charges. Meanwhile, the Rosneft block of shares was privatized in a very non-transparent and suspicious way. Some observers even compared this situation to the infamous loans-for-shares deals of the 1990s. The outcome of the Rosneft deal was an increase in the influence of Putin's close ally Igor Sechin, who is notorious as a voracious rent-seeker even within the grim context of Russian crony capitalism. Ulyukaev, who stood for other policy priorities, was sacrificed to the interests of rent-seekers with the consent of Putin. In light of the forthcoming Russian presidential elections, this episode demonstrates that Russia's political leadership now feels no need for technocratic policy reforms.

Conclusion

Ironically, Ulyukaev's own statement, made more than two decades before his downfall, turned out to be prophetic. In the case of the privatization of Rosneft's block of shares, the decision making was quite competent and did indeed "depend upon knowledge and experience but not upon voting results." The competence, knowledge, and experience of rent-seekers were much more important than the competence, knowledge and

experience of Ulyukaev and the other technocrats. While attempting to avoid the negative effects of politics on policymaking and “to achieve a ‘regime of non-interference’ of politics in other spheres of public life,” technocrats found themselves caught in a trap: Policymaking was more affected by the negative influences of rent-seekers, while politics only aggravated these problems. Even though the technocratic recipe brought some short-term gains for early post-Communist policy advancements, it has caused increasing problems for policymaking under non-democratic regimes in Russia and Eurasia. Despite many efforts by technocratic reformers, the constellation of authoritarian politics and bad governance contributes to long-term developmental failures.

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