

International Comparison on the Relationship between State and Civil Society in Post-Transition Economies

Kazuho YOKOGAWA *

* *Kanagawa University, Japan; yokogawa@kanagawa-u.ac.jp*

According to the modernization theory, public values are supposed to become more hospitable to democracy as countries become wealthier, more industrialized, urbanized and better educated. This is especially true for the members of the middle class, who will give more support to democratic values than members of other classes (Gontmakher and Ross, 2016, p.101). Such shift toward democracy is expected to happen in countries with authoritarian governments such as Russia and China, which have achieved a substantial economic growth and people became more satisfied with their living standards. However, these countries are not likely to follow the path implied by the modernization theory, but rather they have kept or even enhanced their authoritarian regime in recent years.

How should we explain these phenomena? What Dani Rodrik named as the ‘political trilemma’ of the world economy, we cannot simultaneously pursue democracy, national self-determination, and economic globalization (Rodrik, 2011), and the anti-democratic tendency in Russia and China may also be understood as a reaction to the economic globalization while keeping the national self-determination of these countries. However, as far as Russia, at least, is concerned, the authoritarian regime seems to have longer historical roots, since its imperial and Soviet period. According to Chen and Lu (2011), the relationship between economic development and democratization can at best be characterized as a dynamic one. Whilst the modernization approach points to an almost inevitable pro-democracy stance of the middle class as its outcome, their ‘contingent approach’ suggests that the middle class’s orientation toward democracy will depend on a country’s specific socio-political and socio-economic conditions (Gontmakher and Ross, 2016, p.102; Chen and Lu, 2011, p.706).

There have been studies that shed light on the relationship between the Russian state and civil society (Chebankova 2013, Ross 2016). Public protests against the Putin regime in Russia have had upsurges sometimes in the past years but did not have any outstanding achievements and eventually they have calmed down (Evans Jr. 2016). The public support for the opposition is not so wide spreading as to overwhelm the ruling party of the United Russia. People seem to approve the present regime, at least passively, and this made researchers point out the existence of a kind of a ‘social contract’ between the state and civil society in Russia (Cook and Dmitrov 2017, Feldmann and Mazepus 2018, Hayashi 2018). This means that the state provides a degree of political stability and economic prosperity, while the Russian population abstains from demanding certain political rights (Busygina and Filippov, 2016, p.45).

In this volume, we focus on the relationship between the state and civil society in Russia and consider the socio-economic background which underpins the present ‘strong hand’ state. Also, we discuss what is an integrating mechanism of the Russian state capitalism, as well as how sustainable the current mode of state integration is. The articles in this volume are the products of the research project of the Kyoto Institute of Economic Research (KIER) in 2018-2019, ‘International Comparison on the Relationship between State and Civil Society in Post-Transition Economies’, and the international conference ‘Civil Society, Firms, and Government in post-Transition and Emerging Economies’, which was held at KIER in Kyoto University from 25 to 27 January 2019. We had 9 speakers in the ‘Civil society and the State’ session, and the articles in this volume were written by some of them. We have addressed the economic interests of various actors, including different classes of citizens (or workers), companies, and state (both federal and regional governments). Let us introduce the articles briefly.

Geoffrey Wood’s article is based on his keynote speech at the conference and picks up the broad theme of comparative capitalism. It focuses on the right-wing movement in the two largest liberal market economies in the world—the US and UK—and discusses the crisis of the LME model of capitalism, which lies behind their problems. We can understand the right-wing movement in these countries as a kind of protest of the civil society to the crisis of LME. He also explores the relationship between varieties of capitalism and long energy transition and argues that the LME model, which inclines to a short-sighted investment, is inferior to the CME model in terms of energy transition to the alternative energy sources, which requires a longer term and a more patient investment.

Vasily Anikin address the lifelong learning process in the post-transition Russia, which implies the possibility of the Russian society to transition to a knowledge-based economy. The share of Russian people who were enrolled in training between 2001-2015 is about 6% of the working population and it is much lower than in other European countries. Also, his analysis, based on the micro data of RLMS-HSE, showed the existence of two distinctive social groups; one is a group of high-skilled workers living in cities and eager for self-investment and training, and the other is a group of older, semi- and low-skilled workers residing in villages, not likely to receive training. The findings reinforce our understanding about the heterogeneity of the Russian society and explain the difficulty for the Russian economic model to change.

The article written by Yulia Lezhnina explores the reason for the high expectation of Russian people of a state social policy. She explains the reason not from the cultural viewpoint, such as national mentality, but from the objective socio-economic condition of citizens. Her analysis shows that Russians expect an active participation of the state in ensuring the welfare of the population because of their helplessness to solve problems through their own economic resources and social networks. Being in the phase of deterioration of the social sphere, the Russian society is currently facing the necessity of updating the ‘social contract’ between the state and civil society.

Kazuho Yokogawa had focused on an aspect of ‘social contract’, namely the public service provision. She analysed whether the fiscal centralization under the Putin administration has helped in diminishing the regional disparity in fiscal revenues and contributed to improve the public service provision in Russia,

taking the case of education. It was shown that the fiscal centralization did not strengthen the redistribution among regions as much as we expected, though redistribution seems to have become more important in a phase of economic downturn to maintain the public support for the current regime.

Lastly, Katsumi Fujiwara has addressed the apparel and fashion industry of Russia. Regardless of the government policy encouraging 'import substitution' and the 'Made in Russia' campaign after 2014, companies of apparel and fashion industries are not strongly affected by the government policy as they are deeply incorporated into the global supply chain, which cannot be changed in a short term. As Russian consumers are sensitive to the fashion trend and quality of clothes, their attitude could not be changed by the government's promotion of patriotic consumption. The case of these industries showed that the state intervention to the economy cannot be effective in all spheres of Russian economy and there are such sections which are comparatively independent from the government influence.

What could we learn from this conference? Though it is difficult to summarize the implication from the session, we can point out something about the relationship between the state and civil society in Russia. As a mechanism which integrates the Russian society, we can quote the work of Gaddy and Ickes (2015) about the 'rent management system', as well as the 'rent dependent economy' by Oxenstierna (2015). According to their work, it is the 'rent' from the oil and gas sector that is redistributed to government dependent sectors through formal and informal taxes and maintain the stability of the Russian economy. Our researches also support their proposition and describe how various actors are incorporated into the system. However, papers in this volume also show that the system is not flawless. There are some people promoting self-reliance rather than expecting the government support, and some industrial sectors are incorporated into the global market and supply chain deeper than into the rent management system. Besides, redistribution by the state itself is not perfectly covering the whole society and there are some social groups and local governments for which resources are not distributed enough. Therefore, in order to avoid destabilization of the Russian society, updating the 'social contract' between the state and civil society is required.

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