

Social networks in Russian politics

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(The paper explores power relations in Russia and the corresponding structures of personalized trust on the base of an analysis of three different types of distinctions and relations: state (capacity) vs. society, institutionalized power vs. personalized power networks and institutional structures of trust vs. personalized networks of trust. The analysis of the importance of personal networks of power can be, as the case of Russia shows, presented as a compensation for the absence of strong institutions or institutionalized structures of trust. Moreover in “low trust societies” like Russia highly personalized power systems are not necessarily expressing only illegal or semi-legal structures of trust, they can, in an environment without institutionalized social capital forms, be also the engine for reforms.)

It was foreseeable that the social capital discussion would move east, as Martin Aberg already observed ¹, to the countries of east central Europe and, of course, also to Russia, the country of the “hundred friends” and connections. That networks of all kinds could be considered as resources for cooperation, whatever their form, has been noticed already by many observers of such societies in transition like Russia, Ukraine or Bulgaria. But so far the search for social capital and structures of trust in these countries has given only mixed results. Therefore as everywhere in scientific descriptions, it may be useful to stress the obvious fact that we can see only what our concepts allow to see. Speaking of positive or negative effects of social capital is not only a matter of the used indicators and their normative implications, it points as well to the problem of defining and limiting the notion of social capital.² An observer with a “bright” or optimist view of social capital will probably tend to find in every associational activity the seeds for creating generalized trust. Using a more realistic approach one may discover that such an image of society and state - society relations is too simple and that the structures of trust constitute something more than what can be found with a pattern reducing the problems of societal development and its features (including structures of power) to a question of cooperation. In fact, even if in a theoretical manner basic mechanisms motivating cooperation such as coercion, interests, values and personal relations can be fixed, we are facing considerable difficulties to find in practice causal and teleological explanations concerning the aggregated collective effects of different cooperative behavior. It is easy to notice, that armed with a “civic community index”³ one may find social capital in the darkest “black holes” of Russian provinces. Cooperation itself is not enough to create Modernity.

¹ Aberg 2000

² See Fukuyama 1997, Rose 1999

³ See for example Marsh 2000

In regard of the mentioned lack of conceptual differentiation the purpose of the present paper is to investigate on the base of a number of concrete examples the relation between different types of networks in Russian politics. It is also important for us to show the significance of a differentiation of networks of trust and networks of power within the power structures on one hand and the general relations of trust in the state. This points to the question about how Russia will be able to pass from the negative to the positive side of social capital, from the pattern of “particularistic” reciprocity within personal networks to the norms of generalized reciprocity and networks of civic engagement.⁴

Before we will present a conceptual framework of different types of networks and relations of trust between and inside networks, state and society. We need a general view about studies in the field of social capital and its effects. Most of the social capital studies are concerned with more or less positive effects of certain social interactions and social institutions - a given amount of social capital - on civil society and the social competitiveness of a given society in general, thus creating the conditions for economic growth by reducing transaction costs of every kind and the development of a strong trustworthy state. What has been said about positive social capital since the already classical studies of Coleman and Putnam⁵ is that there is a causal nexus between the density and quality of the social networks and the efficiency of institutions of all kinds, political, economic, pedagogic or cultural. Typically the indicators measuring stocks of social capital in a society are found in the forms of civic engagement or the degree of trust.⁶ The crucial importance of resources symbolized by social capital has also been stressed by international organizations concerned by sustainable development such as the World Bank⁷ or OECD. One may call this aspect the “good news” or the optimist version of what social capital does or should do.

But it should be obvious, as many cases in Eastern Europe and other regions show, that social capital has also its “dark” or perverse side⁸, its negative implications. Look for example at the Sicilian mafia. Isn’t it a part of the civil society? Do the corrupt power networks in Russia represent an engine for economic and political reforms? As far as social networks, particularly networks of power are concerned, several authors are stressing those negative aspects of social capital.⁹ But things are not so clear here since in the “gray zones” of particularistic networks there is room for quite many different patterns of personal networks which can contribute to the formation of certain forms of trust important for complex modern institutions.

Therefore it may be important to know something more about the forms of this so called, “negative social capital”? How can we be sure about the negative or positive effects of social capital? Isn’t it rather so that the world is neither “black” nor “white” but rather “gray”, imply-

⁴ See Dinello 1999: 32

⁵ See Coleman 1988 and Putnam 1993. For studies using (critically) the theories of Putnam and Coleman see for example Levi 1996 and 1998, Braithwaite / Levi 1998, Warren 1999, Pharr / Putnam 2000

⁶ See Levi 1998 and Warren 1999

⁷ For the Worldbank 2000: 18

⁸ See Petro 1999a

⁹ See for example Portes / Landolt 1996 and Levi 1996. See now also Putnam (2000) speaking of “the dark side of Social capital”

ing ambiguity?¹⁰ Authors like Bruszt and Stark have good reasons in considering the two faces of networks: they can be agencies of development or "rent-seekers depleting the public treasury and inhibiting economic growth."¹¹ And is it really so clear that only horizontal networks should be associated with positive social effects due to norms of cooperation and trust? Norms of cooperation in any particular network are likely to change from one situation to another. They can represent social capital in one context and unsocial capital in another.¹² Of course in Russia they may be associated with corruption, nomenklatura, post-communist clientelism etc., but they can also play an important coordination role in and between the economy and the political system. Instead it would be more appropriate to consider a personal network in terms of "clique", that is, a nonkinship informal association, within which exists group feeling and intimacy, as a group norm of behavior.¹³

What kind of networks should we consider particularly in Russia? Can we make a clear distinction between networks of civil society and criminal networks? It is also obvious that networks of trust with access to power systems have to be distinguished from networks without such links to the systems of political power. Looking closer we may discover at least three problematic distinctions in the discussion about positive and negative effects of social capital which are either not reflected or are reflected only on a rather general way:

First, there is the distinction between generalized interpersonal and institutional or systemic trust.¹⁴ It is a distinction between horizontal and vertical trust. Many are considering institutional trust only as a problem of attitudes towards institutions and are neglecting the difference between institutions and the holders of public functions. A difference which is also based on an epistemological gap faced by individuals when they have to trust anonymous mechanisms of modern institutions rather than personally well-known public actors.¹⁵ Thus the modern state has to deal with the paradox¹⁶ of an impartial ruler standing "above" the society, which has nevertheless to be and to be seen as a trustworthy component of this society.

Second, the clarification of the general problem is related to the distinction between networks of trust and networks of power, which should also include the distinction between old or pre-existing forms of social capital (for example under communist rule) and present forms of networks. In addition, we have to be conscious of the functional similarity of trust and power in regard to the problem of organizing collective cooperation. If cooperation cannot be based on trust it may be enforced by State power – a "suboptimal" solution as Putnam would call it. One should distinguish here the "Leviathan-like" political power under conditions of absence

¹⁰ See with this regard Sergeyev 1998

¹¹ See Bruszt / Stark 2000: 115

¹² See Krishna / Shrader, 1999. Portes and Landolt 1996 are concerned by the same problem when observing that "the same kinds of ties that sometimes yield public goods also produce 'public bads': mafia families, prostitution rings and youth gangs..."

¹³ So Easter 1996 : 558 considering network analysis as "the attempt to uncover the micro level social ties that exist within a macro level social or institutional complex."

¹⁴ For generalized trust, whether in the sense of strategic or moralistic trust see Uslaner 1998 and Levi 1998. For institutional trust see Hardin 1998. For the more general systemic trust or confidence – trust in social systems - see Luhmann 1988.

¹⁵ See Offe 1999

¹⁶ See Migdal 1997

of social capital and political power in the more modern sense of a legitimate, trustworthy and responsive state able to promote generalized trust in the society. But trustworthiness is not enough to get things done and to solve problems of collective action. A legitimate power has to mobilize resources like law, force and money in order to attain its goals and to protect civil society or markets. The problem is not in the means but in the way they are used: a repressive power doesn't need to rely on trust – at least not in the short term. On the other hand incoherent or inefficient laws erode every power, legitimate or not, and affect the chance of generalized trust to become a factor of cooperation based more on trust in the rationality of general behavior than in personal bonds. We could say then, that the more political power fails in preserving generalized trust, in being responsive, the more it has to “inflate” its other means. In this regard one should not forget, that the observance of laws by citizens is as Margaret Levi has shown it, conditioned by the public perception of the State, his organs, and office holders as actors acting on behalf of people.¹⁷

This brings us to the state / society distinction which points to the question of the role of the state in framing social interactions. The question of the negative and positive role of the state and the state related networks is a more crucial one than the general discourse about positive and negative aspects of social capital. In this regard Nicolai Petro makes an interesting distinction between a “non-statist” view on social capital and a “statist” view, which stresses the crucial role of the state as an agent promoting and creating social capital.¹⁸

For this purpose and in relation with state characteristics and activity analysts of social capital forms in Eastern Europe are qualifying social networks mainly by using distinctions such as non-communitarian vs. communitarian social capital or vertical vs. horizontal networks.¹⁹ Richard Rose for example uses the distinction of modern, premodern and antimodern networks in his analysis of resources Russians are mobilizing in their contacts with “the Byzantine” Russian bureaucracy.²⁰ Non-communitarian or “premodern” social capital and particularistic networks seem to fulfill functions in transitional societies with “weak” institutions or state – society relations dominated by generalized distrust.²¹ These particularistic networks are used by important part of the population to compensate the absence of trustworthy and responsive state structures for attaining individual or group goals.²² The compensatory function of networks, especially clientelist networks is also stressed by Andras Sajo who describes them as “a viable form of social organization where other networks and forms of social organization are nonexistent or at least underdeveloped”.²³

¹⁷ See Levi 1998: 88

¹⁸ See Petro 1999b

¹⁹ See Aberg 2000, Putnam 1993, World Bank 2000 (See www.worldbank.org/poverty/scapital/scwhyre11.htm)

²⁰ See Rose 2000

²¹ The notion of a “weak” state is in fact misleading, since the state which is distrusted may be a very strong one and even cruel towards its citizens. It may be strong as an organization but absent as an institutional structure producing expectations and symbols of authority and legitimacy.

²² See Aberg 2000: 313 with similar conclusions as those made by Rose 2000

²³ See Sajo 1998: 42

A this point we have to differentiate. Looking at these kind of networks implies a bottom-up perspective, a look through the eyes of citizens and voters concerned by institutions and administrations which are not working the way they should. In this perspective – the daily life experience - non-communitarian social capital and particularistic networks seem to have a social function in those countries in the sense that they compensate the lack of efficient formal institutions.²⁴ Personal networks are a problem solving strategy (“to get things done”). In some post-socialist countries they go together with the lack of generalized trust and trust in formal institutions and civic networks. Why should you trust the world beyond your family and the wider “family” of your friends if this world is, as the case of Russia shows, perceived in “hobbesian” terms, full of discriminations and exclusions, inequalities, greed, crime and corruption.²⁵ On the other hand, in a “top down” perspective things are different, that’s why we have to remind that we stress particularly political elite networks, where personal trust and trustworthiness are means for achieving and maintaining power.

Networks of clientelism or networks of power are being described as vertical quasi-institutional structures, for example of political groups or business representatives around the heads of the regional executive.²⁶ We face here “amicable” and informal structures of negotiation which deploy stabilizing political and social effects.²⁷ Studies about clientelist networks in Eastern and east-central Europe are referring to the survival of old network structures among the new political structures, which should be distinguished from civic networks, on one hand, and new power networks, on the other.²⁸ On the other hand, “traditional” networks of power organize - by means of corruption, insider informations and other strategies of exclusion - the uncertainty of “untrustworthy” competitive market mechanisms and thus contribute to vertical structures of exchange associated with “oligarchic capitalism”.²⁹

The question whether Palermo represents the future of Moscow, may make sense here, but shows also some determinism.³⁰ Or should this mean that democratization has no chance in countries like Russia and Ukraine? Of course “Palermo” has also the meaning of the survival of particularistic networks of trust based on the protection of corruption. Rose-Ackerman shows precisely how such a type of personal networks could maintain a system of generalized and normalized corruption.³¹ Obviously the kind of trust necessary for keeping illegal networks has to be separated from trust or distrust in political institutions. Under this aspect generalized distrust in institutions may very well go together with illegal personal systems of

²⁴ See Aberg 2000: 313 and Rose 2000: 53

²⁵ With this regard Russia is not at all different from the cases presented by Eric Uslaner (1999) referring among others to Edward Banfield’s study about the Italian village of Montegrano: In a society like Russia with huge inequalities it shouldn’t surprise that interpersonal trust is low and people do perceive strangers as threatening. Here also the truth is that “where you live – your context – shapes what you think”(Uslaner 1999, ch. 2-18)

²⁶ See Ledeneva 1998 and Lapina 1997

²⁷ See Lapina 1997 and 1999

²⁸ See Hardin 1999, Dinello 1999 and 1999, Holmes 1998

²⁹ For the negative effects of such structures on reforms see Hardin 1999, Dinello 1999, Kukolev 1996, Afanasiev 1999 and Diskin 1999

³⁰ See Hedlund / Sundström 1996: 32

³¹ See Rose-Ackerman (1999: 97.), Della Porta / Mény 1996, Gambetta 1996. With regard to Russia see Handelmann 1997, Sergejev 1998 et Lambroschini 1999

trust. Corruption has to do with the confusion of the border between public interests and private interests, a confusion that a “weak” state can only reinforce.³² Furthermore in Russia corruption, together with patron-client relations shows a systemic character insofar as the dominant symbiotic pattern of political and economic “nomenklatura-elites” on all levels continue the soviet “tradition” of personal networks including the normalization of corruption. Corruption may indeed be considered as “anti-social” or “unsocial” structures of trust in regard to their negative collective output.³³ In such networks trust is of course limited and conditioned by the power resources of the participants in the system of contacts, for example specific informations about other “friends” in the network, which is creating a kind of strategic “community” with some “mutual deterrence potential”.³⁴

So if social capital may be considered as a catalyst improving the performance of economic and political institutions it is on the same time also probable that certain forms of social capital are obstacles to the establishment of the very same institutions.³⁵ If we consider not only the “quasi-traditional” networks of every day life and the corruption on all levels of the political system but look also at the degree of penetration of political and economic elites by the networks of the organized crime we can hardly be optimistic.³⁶

Networks of Trust as a negative social capital

It's obvious that there are different types of networks in politics: to the already mentioned networks of power and the networks of trust we could add the related networks of influence and information networks. It is not our task to present here a typology of social networks. In this paper we shall concentrate our attention on one specific type i.e. networks of trust. On the one hand we hope to demonstrate how these networks contribute to the positive and negative social capital on different societal level. On the other hand we shall try to show how crucial the networks of trust are for the survivability of political groups in Russia.

Let's look first at networks of trust conceived as negative social capital. The best examples of a negative role of the social capital are the complex and non-balanced relations between the bureaucratic structures of the state and economic pressure groups of different nature. In Russia the most important and widely discussed subject is the so called “oligarchic power” of a small number of businessmen with “special relations” within the government and presidential

³² See Levin / Satarov 2000

³³ See World Bank 2000

³⁴ This may include the publication of *kompromat* and the use of scandals in the struggle among and between different networks and clans. See for the conception of social capital based on the cohesion of networks secured by fear: Jarmila Premusova, “I'll scratch your back, you scratch mine – Today's ‘social capital’”, *The New Presence* (Prague), December 2000 p. 27-28. Gambetta (1988) would speak here, as in the case of the Mafia, of systems of distrust rather than of systems of trust.

³⁵ See Hardin (1999) for a reflexion on the mutually reinforcing relation between interpersonal capital and institutional capital. But the author is observing also that “interpersonal and institutional capital can similarly get in our way. Widespread customs and even very local practices of personal networks can impose destructive norms on people, norms that have all of the structural qualities of interpersonal capital. Institutional capital can also wreak its destructive hold, as in the Eastern nations that are now trying to build new economies and political systems while partially still in the grip of old institutions.” (Hardin 1999: 187)

³⁶ See on the subject of organized crime, especially mafia groups Knabe 2000, Sergejev 1998, Handelmann 1997

administration.³⁷ For example the role of media companies during the presidential elections of 1996 is widely acknowledged.³⁸ Of course it is possible to say that these “corrupted relations” played a positive role in Russian politics, preventing the victory of communists. Nevertheless such a position leads inevitably to a kind of double standard in the evaluation of “how democracy works” in different countries. It is very dangerous to say that the famous case with the “xerox box” with hundreds of thousands dollars for illegal electoral support³⁹ contributed positively to the development of Russian democracy. It would be the same to say that the prior role of media is to generate citizen’s trust in the main political leaders in favor of democracy without revealing their individual interests and the complexity of their relationships.

The widely known corruption scandals of huge size like privatization of biggest Russian oil companies for very limited price and falsified tenders formed out of puppet companies in 1995⁴⁰, the facts well established by the Accountancy Chamber of the Federal Assembly⁴¹ are obviously examples of how the networks of trust between the government representatives and business destroy public trust in democratic institutions, market economy and the state in transition.

But one of the most striking example of this kind is the so called “Harvard case”, in which an international network of trust, formed by a group of scientific advisers from the Harvard University and a group of Russian specialists in privatization were accused of illegal use of confidential economic information about the state of some Russian enterprises and bureaucratic decision, in favor of their own enrichment.⁴² In this case we can consider the close relations of collaboration on the international level as a kind of positive social capital. But obviously this capital has been instrumentalized in a definitely negative sense. It is reasonable to ask about the institutional conditions which allowed to so many respectable people to make this kind of deals, but it is relatively clear that such a case was possible only through the existence of a hierarchy of complicated networks of trust both in Russia and the United States, where one of the protagonists of this case even hasn’t been excluded from the academic community usually very sensitive to such matters.⁴³

Networks of trust as a tool for survivability of political groups

In order to investigate these problems we need to pay attention to concrete situations. For that purpose we suggest three cases, which are stressing some of the questions mentioned above and give us the opportunity to show how different types of social networks are interacting. These three cases are: the process of formation of the political movement “Democratic Russia

³⁷ With regard to the role of oligarchs in the presidential campaign 1996 see for example Novaia Gazeta 11 (20-26 March 2000) Kak eto bylo v 1996

³⁸ See Gel’man, 2000: 33

³⁹ See Gel’man 1998

⁴⁰ See Sergeev 1998: 149

⁴¹ Yury Boldyrev Interview to Novaia Gazeta N40 (28 October) 1996

⁴² Revansh “Botanikov” Stringer, November 2000

⁴³ Stringer, Ibid.

during the last years of USSR; the formation of the Gaidar's government in October 1991; finally the appearance of the "Nijny Novgorod group" on the national political level during spring of 1997. Other cases could have been chosen of course, but in order to cover not only different configurations of political power but also different periods including the first democratization process in the USSR after 1988, we prefer to focus on these three cases stressing the dynamic and interdependent relations between networks of trust and networks of power.

Multiparty politics was not institutionalized in Russia until the 1991. This means that the most important role in political life has been played by informal networks. In the absence of developed democratic political institutions there was no way for the people having ambitions in politics to enter it on a certain institutional base. In a situation when politics was not a secure field of activity the problem of interpersonal trust was crucial. That is why not only dissidents but also the first legitimate political groups, which emerged in the beginning of the period of perestroika, were totally based on personal networks of trust. People organized within these groups usually knew each other for a long time, since they have been studying or working together for years. The most politically active part of the population were intellectuals from the Academy of Science and from different universities. Surprisingly enough the students' activity was relatively low. The core of the new politics in 1988-1989 was represented by academics from the institutes of the Academy of Science of USSR, mainly from Moscow, Leningrad and Novosibirsk. In the end of 1988 they started to organize so-called clubs of voters, having in mind to give a support to the pro-reform candidates in future elections which had to be held in March 1989.⁴⁴ Very soon these clubs felt themselves to be in charge not only in support but also in selection of the candidates. All this activity was basically a grass root. Nobody paid for it, a lot of work has been done through private contacts.

The most important role in this period was played by Sacharov with his enormous intellectual and moral influence and through a very wide personal network maintained by his wife E. Bonner. A very successful campaign in favor of Boris Yeltsin has been lunched just through this network. Those networks of academics became later the main information and PR network for the pro-reform deputies of the Congress of People Deputies of USSR and the Inter-regional Group created by them. The same networks of people became the core of the new political movement Democratic Russia, which after the election into the Russian Congress of People Deputies in spring of 1990, started to dominate the Soviet political landscape. It is important to notice that the composition of this network of political activists was very uneven. Among them it was possible to find a number of prominent professors but the vast majority of these people were junior researchers with a long and unsuccessful scientific carrier. Most of them worked in the field of physics, chemistry, computer science, and were involved into the studies of natural science and had a very scared knowledge of politics, economics and social problems⁴⁵

⁴⁴ See Biryukov / Sergeev 1997: 71-72

⁴⁵ Pervyi S'ezd narodnykh deputatov RSFSR 6 volumes Moscow: Respublika 1992

Being politically rather naive and seriously ideologized - they believed in wonders of market economy and democracy which should transform the Soviet society immediately to the better - they did not want to think about the unprecedented complexity of future transformations. They simply did not understand the role of institutional design in these reforms. Many of them changed their political orientation immediately after the beginning of the process of the Yeltsin reforms and joined the communists and the nationalist camp (like Chelnokov and Ac-sutchiz). Others abandoned any ideas of democracy in favor of pro-market and authoritarian anticommunist policy. The decay of Soviet science represented also the final blow for this network. It became weak, disabled and practically disappeared between 1992 and 1993.⁴⁶ The October events of 1993 and the dissolution of the Congress of People Deputies of Russia destroyed it finally and together with it disappeared the Democratic Russia – the political movement responsible for the victory of Boris Yeltsin, the destruction of the communist power in USSR and the disappearance of the USSR itself.

We can draw some conclusions out of this painful experience. First of all this network was a network of trust created within the social group which had a high esteem in the Soviet society, but which could never get a direct access to political power. This fact has been well known by each member of the society. In the eyes of the public they could not represent the network of power, and could not be trusted as power holders. That is why they needed Yeltsin who became famous as a member of the old power network and as democrat simultaneously. The members of Democratic Russia even failed to maintain influence on Yeltsin himself. They were not trusted by Yeltsin, except a few individuals which lost soon connections with the initial network. After the death of Sacharov they became deprived also of public trust within the intellectual community, because nobody of them could present such an impressive record of the struggle with the regime and intellectual influence at the same time. Their support of the reduction of resources for Russian science and their effort to destroy the image of the Soviet science as corrupt and related with the regime deprived them of the last traces of public trust in their own environment. They've failed to transform their network of trust into trustworthy political power. The existence of social capital in the sense of networks of trust and values as such is not enough to create new institutions or even to influence politics. In this case it is possible to see how the difference between the internal network of trust and the network of power reflected by the public can destroy political efforts of modernisation.

Another good example of the importance of social networks in Russian politics was the process of formation of Gaidar's government. Strictly speaking this government was created by Burbulis during September-October 1991 and was led by Yeltsin himself, but Gaidar was the most important public figure.⁴⁷ The government was formed purely on the base of the network of trust, including mainly the people from the Institute of Economics of Scientific and Technological Progress, which provided not only some ministers but many people for administra-

⁴⁶ See Urban / Igrunov / Mitrokhin 1997

⁴⁷ Biryukov / Sergeev 1997, ch. 5

tive stuff of the government. Together with such figures as Gaidar himself and Chubais these members of the new government quickly obtained the reputation of the “western educated economists” an image which was rather far from reality, because Gaidar previously had been a journalist in party newspapers “Pravda” and then a party journal “Communist”. Chubais was a research associate in an obscure branch institute in Leningrad and other members of the team (in spite of the fact that some of them, for example B. Saltykov, then the minister of science, received an excellent education in the most prestigious Soviet university, the Physical-Technical Institute) hardly could be called western educated economists.

The attitude towards them among the professional soviet bureaucracy was very negative. They were called “zavlabiy” (heads of laboratories) which signified that they were not considered as real administrators by professionals.⁴⁸ In fact they were out of the real power network of the Soviet bureaucracy and could never trespass this threshold and become “the same” as traditional Soviet bureaucrats. Here we can see a clear separation of the network of trust and the network of power. Only in a few new governmental agencies like the State Committee for Property led then by Chubais this network of trust corresponded to a certain extent to the network of power (because the agency was new and formed mainly by newcomers). It is interesting to notice that the Gaidar’s network of trust without power could not stay for a long time in Russian politics.⁴⁹ Most of these people were dismissed at the end of 1992. The example of Chubais is especially interesting, because his long political life was related to the fact that he succeeded in maintaining a network of power which helped him to survive. In this case we may notice another configuration of networks. Gaidar’s government has been considered by the members of Democratic Russia as trustworthy specialists. Yeltsin also trusted them, but they’ve never received an attitude of trust from the administrative network of power, and failed to create relations of trust with the public despite many efforts of the TV channels controlled by the Yeltsin’s administration and the “oligarchs”. Finally being connected by the network of trust only with the top leadership, they could not transform these relations into a real network of power (except Chubais).

The third example is the promotion to power of a group of young politicians from Nijny Novgorod during 1997-1998. The leader of the group, Boris Nemtsov, established relations with Yeltsin being elected as to the Congress of Russian Deputies in 1990. From the beginning of 1988 in Nijny started to appear different pro-reformist groups. The Voter’s club appeared at the same time as in Moscow. It was then transformed into the club “Candidates for Democracy”. The beginning of the political career of Nemtsov was related with the struggle against the project to construct atomic power station near Nijny (then Gor’ky). Then in the beginning of the nineties he positioned himself as one of the radical democrats, champions of the economic reform. Being appointed by Yeltsin as a governor of Nijny he nevertheless followed a rather authoritarian political course in the relations with his political opponents, reproducing

⁴⁸ See Gaidar 1996

⁴⁹ A point which should be considered also in the context of reforms without institution building. See McFaul 1995

in Nijny the style of Yeltsin regime in Moscow. For this purpose he created a strong personal network of power which was to a certain extent of a clientelist type.

When Nemtsov moved to Moscow as first vice-prime minister, with Yeltsin who guaranteed to secure this position to him at least till the new presidential elections in 2000, Nemtsov took with him to Moscow a group of people, among them the most famous became Kirienko⁵⁰ and Brevnov. The first was appointed to the ministry of fuel and energy, the second as a head of RAO EES, the Russian electric power supply monopoly. Soon after that Brevnov has been dismissed for the accusations of mismanagement, but Kirienko succeeded to enter the circle of the close Yeltsin team and in March 1998, after the resignation of Chernomyrdin, he was appointed as Prime minister.

This was a bad time for the Russian economy. In December 1997 the Russian stock exchange collapsed and the state bonds (GKO) were issued in extended quantity to improve the situation. The fall of oil prices in the spring 1998 produced a new blow to the Russian stock exchange and the state finances. In such a situation the government of Kirienko-Nemtsov refused to take obvious measures to smooth this chock, and devaluate the currency. A devaluation in April in the order of 30 % could have saved the situation, as has been argued by many experts. Instead of that the government started an unpopular and dangerous campaign for better tax collection, which was at the moment totally unrealistic. As a result the trust in government among the business circles and the public in general has been destroyed. The sudden decision to proclaim default in August destroyed also the relations of trust between the Nijny group and Yeltsin and has totally broken the public trust in Nemtsov and his group.⁵¹ The political combination of networks of trust and networks of power for the Nemtsov group was quite different from the Gaidar's case. In the former case there was a real network of power and trust but the collapse of the group was determined by the collapse of public trust, produced by an extremely incompetent economic policy. We leave apart the numerous accusations of some members of this government in using the IMF loan in their own interests.

Conclusions

We can see that the role of different types of networks during transition period is very far from being strictly determined. If we would write the history of the transformation process in Russia under the aspect of trust and particularly the dynamics of networks of trust we could speak of a huge waste of popular goodwill, of the disappointment of expectations, of the failure of untrustworthy officeholders to build up trustworthy institutions, of the negative effects of the symbiosis between business and political networks of trust on political power and public trust, of the power of "antimodern" networks and so on. Our aim has been more modest: to stress the two-faced character of networks, particularly in underinstitutionalized Russia,

⁵⁰ See *Novoe Vremya*. Interview with A.Chubais N17, 3.5.1998

⁵¹ See Fish 2000 : 20

where nothing works without networks of trust and power, but where networks of trust are also useless if they are not connected or combined with the “right” networks of power.

In Russia the problem of unbalanced informal connections with power is particularly virulent. They diminish the chances of achieving a positive collective output because these networks risk to adopt strategies of exclusion in order to maintain the existing power configuration. This strategies of exclusion enforced by a “weak” state promote personal trust instead of institutional trust which in its effects should guarantee rational and legal behaviour between mutually unknown actors, thus realizing the very conditions of generalized strategic *and* moralistic trust. The absence of legitimate and efficient state structures offer opportunities for compensation structures represented not only by non-communitarian networks between the political system and society, but also by criminal networks like Mafia groups or rent-seeking “oligarchic capitalists” avoiding public control.

The relation of trust between the public and the political system has to be distinguished from the networks of trust inside of the political system and the relations of trust between them. Obviously the importance of public trust is very high, as the above mentioned examples have shown. Public trust is also created by certain types of networks, i.e. information networks which in form of media should play an ambiguous role by generating institutional trust and at the same time by assuring the transparency of collective decisions by diffusing balanced critical and healthy distrust towards the political institutions among citizens. Nevertheless this condition is necessary but not sufficient for effective policy. An important question is also which are the very institutions allowing interpersonal networks of trust supported by a majority of citizens to transform and stabilize themselves into democratic networks of power necessary for the implementation of larger reforms. This especially if networks could be formed outside of power structures, as elements of civil society, then be transferred to the state structures, where they could be corrupted and lose relations with the networks outside of the state, and all this may produce a wide spectrum of political results. Therefore we have no reasons to connect directly the richness of societal networks with a certain type of social dynamics. We must distinguish between these networks, we must understand the specific interaction between them and their aggregation to say what kind of dynamics in society is possible to expect, what kind of transformation we can watch in a given society.

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