

Local Scholarship, Public Policy, and Power

Public Policy Research and Local Reforms in Russia: The Case Study of Nizhny Novgorod

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This article is designed to analyze the role of the intellectual community in relation to conducting democratic reforms in the Nizhny Novgorod region (*oblast*). The author's aim is to show different patterns of interaction between scholars and their partners in politics and business, and to trace some channels of practical implementation of the experts' advice for decisionmakers. In so doing, several questions appropriate to newly democratizing, federalist governments will be asked. Is professional analysis workable within regional bureaucratic structures? What are the roots of institutional contradictions and rivalries between regional decisionmakers and experts? Might some kind of organizational unity between them be achieved in a foreseeable future?

Nizhny Novgorod oblast is widely known both in the Russian Federation and in the West for three basic reasons. First, for several decades it was a closed area with restricted possibilities for foreign visitors. Second, since the demise of the USSR the Nizhny Novgorod *oblast* administration, led by Boris E. Nemtsov, is commonly regarded as one of the regional pioneers in promoting post-Communist economic realignment. Third, Nizhny Novgorod is third in Russia in terms of population and industrial potential, and is understandably the subject of scrutiny as one of the "testing grounds" of wide-scale liberal reforms.

Nizhny Novgorod administration has indeed advanced in the realm of robust economic initiatives. However, the extent of the intellectual resources of the region being engaged in the current transformation and the role of the local intellectual community in fostering reforms remain to be studied.

General Theoretical Considerations

The importance of the above stems from our basic assumption that public policy advice and political expertise are an organic part of the decisionmaking process in a democratic society. Without adequate expertise all subsequent stages of the policy making process are prone to failure. We consider the network of policy analysis organizations and independent research groups as a cornerstone of social feedback. The Western experience shows quite clearly that even a politician with an academic degree cannot judge all of his own decisions. To improve the quality of decisionmaking, grass-roots public activity should be considered along with the initiatives of elected authorities, inspiring wide discussions of the most sensitive issues of public interest. Taking into account growing decentralization within the Russian Federation, one can assume that alternative expertise is necessary in order to foster regional reforms.

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Classification of Public Policy Research Centers in Nizhny Novgorod

In the last four years we have witnessed a considerable increase in the number of different institutions designed as viable sources of advice and expertise. We begin our analysis by

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grouping them in five major categories: research centers established by regional authorities; those established by the business community; self-made independent research centers; academic research institutes; and international advisers.

The first group comprises research centers established directly by regional authorities in order to stimulate investigation of current problems and needs. With computer equipment and office space provided

by the *oblast* authorities, the Center for Economic Analysis and Marketing was one of the first analytical bodies incorporated into official power structures. Organized around such pivots as economic restructuring, privatization, banking, etc., the Center never had pretensions of theoretical analysis.

The Institute for Economic Development (IED) was created with the assistance of the Regional Legislature in 1993. The Institute basically concentrates on promoting economic cooperation with the North Rein-Westphalian land in Germany and benefits from the direct relationship between the two regions. The focus is on developing training and educational programs rather than on purely academic research.

The Council on Regional Studies was formed in the summer of 1993 as a public organization seeking to organize a variety of activities (including seminars, round table discussions, and conferences) in order to combine both the efforts and the resources of scholars and regional authorities. The Council derives its financial means almost completely from regional government or pro-governmental sources. Thus, the year-long series of seminars on regionalism were funded by the Vybor Foundation created on the eve of elections to assist the liberal and pro-market candidates.¹ Deprived of solid financial resources in the aftermath of the spring 1993 election campaign, the Council underwent a number of transformations; it merged with the Nizhny Novgorod Research Foundation and was then reorganized as the Institute of Comprehensive Research on Federalism and Regionalism on a cooperative basis with the IED.

The Nizhny Novgorod Research Foundation was initially designed to be a pro-government analytical body and was established by the Department of Economics and Forecasting. The history of this foundation reflects the problems of most semi-official expert units: lack of contact with outside scholars and insufficient space for conducting theoretical research. In the spring of 1994, after merging with the bulk of the Council on Regional Studies, the NNRF was revitalized. This operation was supposed to bring more academic freedom and to widen the scope of activities.

The Nizhny Novgorod Branch of the Moscow-based Epicenter was set up in the aftermath of the summer 1992 by the Task Force Working Group, chaired by Grigory Yavlinsky, that temporarily resided in Nizhny Novgorod at the invitation of Governor

Nemstov. It was the first example of close interaction between one of the leading Moscow "think tanks" and regional authorities in the Russian "provinces." The working group's final report, known as "The Nizhny Novgorod Prologue," was widely debated by the local public and the media alike. Some experts bewailed the fact that the Nemstov-Yavlinsky initiative resulted in a "landing operation" executed by experts unfamiliar with Nizhny Novgorod and its peculiarities. This criticism was justified, since there was little participation by local scholars and even by the regional Council of People's Deputies. However, one of the practical arrangements that followed Yavlinsky's Task Force report was the creation of the local branch of the Epicenter. In terms of conducting economic reforms (price regulation in the regional commodity market, investments, financial stabilization, control of commercial risks, compensatory measures, regional insurance system, and taxation, etc), its research profile is tailored for the needs of the Nizhny Novgorod regional administration. "Epicenter-Nizhny Novgorod" was partly sponsored by the Vybor Foundation.

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The Nizhny Novgorod Center for Reconversion will be directly involved with the regional administration in the foreseeable future. It is the offspring of the Department for Reconversion. The Center was primarily inspired by a 1993 Report of the Ad-Hoc Task Force Working Group on Reconversion. Some details of this undertaking were discussed during two conferences held in 1994—"Nizhny Novgorod: a Russian Success Story?" sponsored by the Harriman Institute of Columbia University with financial support from the Eurasia Foundation; and "Defense Conversion in Nizhny Novgorod: Problems, Perspectives, and Solutions" sponsored by the Soros Foundation in the suburbs of Nizhny Novgorod. The need to establish such a Center is due to the lack of adequate understanding of the consequences of this problem on the part of most regional decisionmakers. According to James Lecky of National Defense University, members of the Russian delegation who recently visited the United States to study the American conversion experience were amazed at the number and extent of the programs to study it, even though the magnitude of the problem is far less than in Russia. It is hoped that the planned Center will be a repository of information on world markets, international contacts, and relevant legislation, and that it will develop links with similar institutions worldwide.

Besides the above mentioned institutions (as well as others of minor scale), one has to refer to another channel of essential analytical support for regional authorities, which is the ad-hoc working groups aimed at rendering occasional expert services coping with current practical (rarely political) needs of regional officials. Several examples illustrate this support channel.

The Ad-hoc Working Group on Reconversion was formed in 1992 through the efforts of the Department of Reconversion at the *oblast* administration. This group was composed of different subgroups, each representing major institutions working in this realm. The principal contractor, the Syrus Institute for Scientific Research was assigned the main responsibilities. Though this organizational model fell short of initial expectations—it introduced an unnecessary link in the relations between the *oblast* administration and the

members of the working group—the initiative on the whole was quite successful. It resulted in the comprehensive study of the problems and perspectives of regional defense conversion and produced concrete recommendations for decisionmakers. According to Deputy Director of the Reconversion Department Vladimir Andreev, the Task Force Report received approval from the central government in Moscow and is expected to be published for specialists' needs. However, the extent to which the recommendations of experts will really affect the modus operandi of the regional executive power remains to be seen.

An ad-hoc Working Group on regional political processes, to be established (according to original blue print) in 1995, is another example of this support channel. The idea was generated by the Department for Public Relations at *oblast* administration. Different scholars, mainly from the social and political sciences, were invited to cooperate with primarily one purpose: to provide the regional authorities with analytical reports about such ardent issues as dominant types of political behavior in the region; problems of political parties and political movements; public perceptions and misperceptions of reforms; new trends in citizens' reactions to economic hardship; and so forth.

It is not the subject of this study to trace the state of expertise within different structures of the *oblast* administration, nevertheless it should be mentioned that certain departments do possess relatively strong analytical potential. For instance, the Department of Economics and Forecasting continuously conducts short- and mid-term evaluations of financial support to state-owned factories, examining the problems of balancing the budget, tax privileges, the loan system, and the license-granting mechanisms for export-import operations, etc. In the spring of 1994, Governor Nemtsov launched a new initiative to hire promising young analysts to be placed within appropriate chains of the *oblast* administration. Another example of the support channel is the Department of International Affairs, which managed to organize a solid database on foreign companies, firms, and institutions interested in cooperation with partners in Nizhny Novgorod.

Unfortunately, the level of expertise in the regional legislature remains low. One attempt to organize a channel of professional advice is worth mentioning: the Permanent Commission on Foreign Economic Activity at the former Regional Soviet of People's Deputies was dismissed in 1994 and replaced by the *oblast* Duma. But no formal structures have been created, and the sharing of expertise was limited to oral advice, the participation of outside scholars in a number of sessions, and the sponsorship of a number of round table discussions.

The Business Community

The second cluster of institutions to be discussed is made up of centers created by a nascent force in the Russian social landscape, the business community. Examples are neither numerous, nor very encouraging.

One of the first business-oriented analytical bodies, the Center for Conjuncture Studies, was created in the summer of 1992 by the Nizhny Novgorod Chamber of Commerce. It was designed to gather analytical information about new trends in world business, to come up with practical recommendations on business management and corporate planning, and to provide the administration of the Chamber of Commerce with scholarly advice in the wide domain of politico-economical issues. The Center produced mainly analytical reports, memoranda, and working papers covering most of the topics mentioned above. Its staff was primarily composed of young researchers who had previously worked in the academic

field. Unfortunately, the lengthy process of corporate restructuring together with a low level of mutual comprehension forced the Chamber of Commerce administration to dismiss the Center one year after its creation. Another group, the Russian-American Enterprise Institute, was founded in 1993 as an independent, non-governmental institution with a variety of objectives. Among them are research, consulting and training, development of educational programs, and the sponsoring of international seminars. The first international project of the Institute, the "Dempro," seeks to establish an informational and research network in cooperation with some American partners.²

Several professional business associations with access to the "corridors of power" serve as advisors in certain situations. Among these associations are the Confederation of Entrepreneurs, the Association of Commercial Banks, the Association of Insurance Companies, the Foundation for Support of Small and Medium Business, the Fund for Support of Entrepreneurship and Competition Promotion; and a local branch

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of the Russian Association of Accountants and Auditors. But they are to be treated as "pressure groups" lobbying for their corporate interests rather than as consulting bodies.

In summarizing the recent experience of business-oriented centers of advice and analysis, we should point out that the hesitation to finance research and scholarly initiatives stems from the general climate of uncertainty in the Russian Federation and the lack of viable incentives to support the incipient "think tanks." Being engaged in the "wild capitalism" and the promise of "fast money," most private firms and companies see no reason to spend capital to encourage scholarly knowledge, even in the areas of their immediate commercial and/or trade interest. The overwhelming majority of business leaders perceive the sponsoring of intellectual activities as occasional charity with no practical rationale. They simply have no need to deliberately and consciously sponsor those activities as of yet. The very notion of a "non-profit organization" is not properly understood by the majority of businessmen. This state of mind reflects the immaturity of business relations in Russia and the absence of a clear understanding of business' role in erecting stable statehood and well-being.

"Self-made" Independent Research Centers

I will look at three of the most characteristic examples. The Foundation for Strategic Initiative (FSI) was created in 1992 as the first non-governmental, non-partisan public policy research institution in the region. Initially, its organizers filed for the creation of this center under the aegis of Nizhny Novgorod University, but when the negotiations deadlocked, the decision was made to arrange the undertaking within the structure of the Impex-Nizhny Novgorod Foreign Trade Association, as its analytical department. The lack of adequate mutual understanding, however, forced the initiators of this enterprise to reorganize as a separate non-profit institution.

The Foundation for Strategic Initiative is, perhaps, the best example both of the possibilities and the limits of self-organized research activity. The record of successful operations realized by FSI is really impressive. The Foundation organized a number of large international conferences whose subjects were practically unknown by the majority

of local researchers, such as “National Security Policy in a Democratic World,” “Regionalism: New Perspectives for Democratic Society,” and “Neoliberalism: Old Traditions and New Solutions.” Sponsored by the municipal authorities in 1992, the foundation published a series of analytical documents, including the Report to the City Administration on Social Security and Public Safety. Simultaneously, FSI did not disdain to carry out the consulting, training, and gathering of information for business customers. However, by fall of 1993 a knot of problems eroded the Foundation’s professional capabilities and narrowed its research agenda. These problems are often shared by other institutions

First, from an organizational point of view, the fact that the core of experts of the FSI were linked by the bonds of strict hierarchical subordination, working simultaneously on this and on their principal academic jobs, limited their freedom of expression and creativity. This situation is quite characteristic of similar independent institutions that are created, by and large, by the nucleus of specialists coming from the same state-owned scholarly

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institution, who share two basic goals: to enhance the public effect of their research and to secure a supplementary source of earnings.

Secondly, some tensions appeared in terms of FSI relations with the regional administration, which had been very skeptical about the appearance of independent (and often alternative) sources of public

policy expertise. A number of critical papers and articles in the local mass media, produced by FSI experts, provoked sharp reactions from regional authorities. For example, FSI questioned the propriety of Epicenter’s Task Force Report, criticized excessive reliance of the *oblast* administration upon foreign experts’ advice, and raised questions about public responsibility and scrupulous accountability of both elected and appointed public servants. Replying to criticism, high-ranking regional political figures accused the FSI leaders of lack of competence as well as of blocking with right-wing forces. In fact, it was the first experience of the search for common ground between an independent research foundation and public authorities. Lessons were soon drawn by both parties of this implicit conflict: the Foundation moved gradually toward more moderate and well-balanced political assessments, while the authorities comprehended (although not immediately) the necessity of lending an ear to different opinions from outside the government. However, inside the FSI different attitudes about the parameters of further dealings with the regional authorities paved the road to an organizational split.

Thirdly, the problem of a different understanding of intellectual property rights arose, mirroring the general vagueness of this notion in Russia. More broadly, the rights and responsibilities of individual experts in nongovernmental research institutions remain indeterminate, opening the possibilities of limiting the intellectual freedom and imposing bureaucratic manipulations on it.

In the long run, different attitudes toward the problems mentioned above led to the resignation of a number of pivotal experts and consequently to a slowdown in FSI activities. The Center for Russian Philosophy (PsRF) has never openly sided with any political platform. The Center arose in January 1994 as an independent research and educational agency to fill a need for the study and discussion of philosophical and inter-disciplinary

problems affecting the public life in the Russian Federation. PsRF's advantage is that it had a fairly balanced research agenda. The bias toward philosophical and conceptual analysis of the different spheres of Russian public life stresses both the impartiality and centrism of the Center's experts. Its current priorities include: the traditions of Russian philosophical and social thought; historical heritage and modern dimensions of Russia's religious culture; the dialogue of values and modern civilization; morality and politics; the future of Russian liberalism and political reformism; and post-modernism³.

The research enterprise "Etnos" is one of the few success stories among independent centers. Its scholarly profile is connected with ethnographical investigations, field research, restoration and preservation of old Russian monuments of wooden architecture, and designing projects for farmsteads and country seats. For several years it constituted a mere scientific laboratory within the structure of the University, until the late 1980s when the possibility to earn money and gain independence arose. Currently not only is "Etnos" involved in applied projects, but is also able to conduct independent research, to convene conferences, and to publish brochures and working papers. This is perhaps the most remarkable example of the relative financial well-being of an organization designed as a research center which managed to combine analyses efforts with practical applications for the benefit of the public.

Academic Research Units

The Nizhny Novgorod Institute of Sociology has a stable reputation due to its extensive experience in organizing public opinion polls. The Institute works with regional authorities as well as with other clients.

The Center for Peace and Conflict Resolution Research was established in 1993 within the Nizhny Novgorod University structure. It does fundamental, theoretical, and applied research on peace as well as on prevention of and solutions to social, ethnic, religious, and interstate conflicts. The Center, which publishes occasional reports and organizes seminars and round-table discussions for specialists, was conceptualized under the influence of the Scandinavian School of Peace Research.

Creation of the Center for Social, Political and International Studies was stipulated by a 1994 Protocol on Intentions between Nizhny Novgorod University and the European Institute for Advanced International Studies based in Nice. The Center is envisaged to become "the priority partner" of the French institution in Russia and seeks to stimulate public discussion of problems both global and transnational nature, such as regionalism and the future of nation states, political violence in the modern international system, etc.⁴

The research center Nizhny Novgorod Land (*Nizhegorodsky Krai*), the initiative of the Department of Russian Pre-revolutionary History, is an example of a small-sized, purely academic research unit focused on analysis of local history.

In summarizing common problems of university research structures, one must acknowledge that they are limited in their possibilities by: tough administrative dependence within the institutional hierarchy; the lack of autonomous financial means; and scarce social demand for their intellectual end-products.

International Advice

International advice in the region was especially widespread in the aftermath of the lifting of inveterate restrictions on foreigners, the rationale being that in the formerly closed city there had been few experts in foreign affairs, and the *oblast* administration was overtly

aspiring to a good international reputation. A number of international consultants settled down in Nizhny Novgorod, representing such institutions as the Peace Corps, International Executive Corps, Opportunity International, and the British Know-How Fund. On the eve of the first wave of privatization in the region, expertise was drawn from foreign institutions, including the International Finance Corporation, to educate municipal and regional authorities. A number of projects were discussed (although not all were implemented) in order to enlist foreign experts' aid to move reforms forward. Such was the case with a regional defense conversion program, the drafting of the blue print of Nizhny Novgorod City Municipal Charter, and so on. Practically all Moscow-based branches of Western "think tanks" displayed an interest in the Nizhny Novgorod region and have manifested their interest in closer contacts. Thus, the Moscow office of the Heritage Foundation initiated joint research on Nizhny Novgorod's experience in privatization with the Foundation for Strategic Initiative, and Germany's Friedrich Ebert Stiftung showed its readiness to cooperate on projects with the Center for Regional Studies

One should not, however, overestimate the significance of foreign advice in the course of regional realignment. On one hand, public opinion is not always favorably disposed to excessive borrowing of Western social and political formulae; on the other hand, Western experts themselves sometimes become victims of political clashes between the regional elites. For instance, the draft Municipal Charter project, composed after thorough and thoughtful consultations with the International Executive Corps, was actually scrapped due to the reluctance of Governor Nemtsov to submit to referendum the text drafted by his political opponent, Mayor Dmitry Bednayakov. After the latter was fired, the project vanished under the pretext of granting excessive power to the city chief executive.

Assessments and Conclusions

To summarize, we may assume that the formation of a comprehensive system of social and political expertise in Nizhny Novgorod region is now in an embryonic state. However, some general tendencies are already discernible.

Apparent decentralization of political life in the Russian Federation has forced regional authorities to shoulder a growing amount of political obligations. This complication of responsibilities pushed local governments to draw in experts for consulting and designing new political, social, and economical priorities. It is now quite clear that the initiative in organizing public policy expertise belongs to regional authorities. To a certain degree, experts' advice is more influential on the regional level than in centralized government, due to the greater bureaucratization and the growing struggle between opposing political forces in Moscow, a situation that appears to be inimical to impartial professional judgements. In the last few years one has been able to observe an increase in the number of participants in the political process, since the politicians are relying more on the analytical aid of consultants in such fields as economics, social work, and regionalism. The interest of public authorities in having closer cooperation with non-governmental experts is obvious: thanks to their knowledge, the political elite increases the possibility of accommodating a variety of views, reorganizing the priorities, and demonstrating greater adaptability to changing the regional political landscape. However, it is too early to speak about "saturation" of regional policy by professional knowledge.

Most of the difficulties and mistakes that have happened along the way to market transformation can be derived from insufficient development of professional advice and expert analysis. Sometimes the top power establishment remains insensitive to new ideas

generated by outside scholars. Both politicians and business leaders often prefer to rely upon their own empirical experience (which may sometimes turn out to be misleading), and precedents rather than on an independent evaluation of a given situation. Meanwhile, setting up a complete expert network is one of the basic principles and requirements of social control over the public authorities. Without analyzing economic, social, cultural, and other sequences and risks of political initiatives, no politician may be certain of solid public support.

The practice of "incorporation" of research units into existing power structures has advantages and disadvantages.

On one hand, this scheme facilitates the direct access of formerly disregarded scholars to regional policy makers. Rotation of experts to top level positions may also be eased. On the other hand, this pattern stipulates strict organizational and (what is more dangerous) conceptual subordination to authorities and creates a certain amount of pressure from executive power.

The appearance of a number of public policy research centers on the regional scene has led to decentralization of policy oriented expertise, as well as to the growing intellectual competition for influence on local decisionmaking. Nevertheless, one should not overestimate this trend. Until now, regional authorities have in principle controlled the level of outside intellectual impact on policy making, selectively encouraging a number of institutionalized research groups and, conversely, discouraging the influence of other centers of "intellectual gravitation." Now it is hardly possible to imagine the advent of an independent research foundation that would not apply for support from the *oblast* and/or city administration (from office space to financial burden-sharing). This situation impedes the natural process of "ripening" of independent public policy research institutions. Changes toward greater pluralism might be expected only with adherence to two basic conditions: legislation must encourage businesses to donate money to non-profit organizations dealing with public and social needs; and the Russian financial system must be modified to sustain—not to impede—accumulation of funds in the non-profit sector (imperfections in numerous regulations make it more practical, for example, to spend collaborative grants with foreign partners abroad than in Russia).

The time of discussions on whether humanitarian science deserves to be treated as a component of the policy making process is gone, yielding another problem: how to make expert analysis as objective and useful as possible. There are two hypotheses on this point. First, the experts' role in the regional political process should be determined as one of participants in preliminary discussions. Undoubtedly, real political steps are the prerogatives of official bodies, but before acting they have to be supplied with comprehensive analytical information in order to avoid serious mistakes. Freedom of expression is the best guarantee of an alternative approach to all sorts of problems facing the regional authorities. Politicians as "operators," and experts as pure analysts, should in some cases behave like constructive opponents, and like collaborators in other cases. Second, expertise should not be monopolized by any fraction of the intellectual or political elite. In this case expertise may be converted to a means for reaching political aims. There are enough examples of how easily professionalism can yield to political preferences.⁵

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Apparently the cementing and fixing of these norms will take a lot of time. However, awareness of the importance of perspective in public policy planning and of corresponding institutions is just starting to develop.

Notes

1. "Russian Region as a Financial System," *Bulletin of the Permanent Interdisciplinary Theoretical Seminar*, 2 (1994).
2. *Nizhny Novgorod Journal of International Relations*, 1 (1994).
3. The Center for Russian Philosophy, Press Release, 1, January 1994.
4. *Protocol of Intentions Between Nizhny Novgorod State University and the European Institute for Advanced International Studies*, May 1994.
5. Andrey Makarychev, *The System of Policy Planning and Analysis on Regional Level: the Case of Nizhny Novgorod and Implications for Russia*, Abstract of the paper presented at the Summer Seminar on Federalism in Aosta, Italy, August 1994.