The Politics of Bad Governance

A Framework for Analysis

It is a given that the quality of governance makes a difference. It determines the developmental trajectories of states and nations, as well as the everyday lives of its citizens. Why are some countries governed worse than others? In particular, why is contemporary Russia governed so much worse than one would expect, judging by its degree of socioeconomic development? In the comparative perspective, contemporary Russia represents an example of a high-capacity authoritarian state that exhibits the main features of bad governance, such as a lack and/or perversion of the rule of law, near-universal rent-seeking, ubiquitous corruption, poor quality of state regulation, widespread abuse of public funds, and overall ineffectiveness of government. These features have been demonstrated in numerous recent assessments of Russia vis-à-vis many other countries, conducted by various reputable international agencies.¹ The evidence presented there is endorsed by investigative journalists,² policy analysts,³ political activists,⁴ and filmmakers,⁵ and the combination of different sources portray a rather gloomy picture of patterns of governance in Russia—this country performs worse than some of its post-Soviet neighbors⁶ and the other countries that belongs to BRICS (Brazil, Russia, India, China, South Africa) group.⁷ However, one should go beyond these critical assessments and address more fundamental questions about the sources and mechanisms of bad governance in Russia and beyond. Why did bad governance emerge and persist in certain countries, and to what extent can the quality of governance be improved over time by certain policies?

Scholars and observers have addressed these issues since ancient times but have not provided comprehensive answers as of yet. Perhaps the first full-fledged vivid exploration of issues of quality of governance appeared in visual arts. In 1338, the city council of Siena, then a medieval oligarchic republic,
commissioned two sets of frescoes to decorate the council hall (*Sala dei Nove*) in its residence, Palazzo Pubblico, from the local artist Ambrogio Lorenzetti. The following year, Lorenzetti produced the series of frescoes, known as *The Allegory of Good and Bad Government*, which are still located in Palazzo Pubblico today. These artworks, justly considered masterpieces of early Renaissance secular painting, presented six scenes of contemporary Siena and its neighboring areas, and through images, reflected normative ideas of good and bad governance that are still important almost seven centuries later. Art historians, political theorists such as Quentin Skinner, have mostly focused on the set of three frescoes that represent the Allegory of Good Government (*Allegoria del Buon Governo*). Such a focus is driven not only by the fact that this set has been portrayed extensively and preserved in better shape as a piece of art, but mostly because it represents the major civic virtues, such as Peace, Fortitude, Prudence, Magnanimity, Temperance, and Justice, guided by symbols of Faith, Hope, and Charity. All of these symbols and features were essential for an understanding of good governance in the fourteenth century and have not lost their relevance in the present day. In a sense, they are not much different from a twenty-first century approach to good governance, where, for example, the highly reputable Quality of Government Institute (the QoG Institute) at the University of Gothenburg has placed a major emphasis in its research on “trustworthy, reliable, impartial, un-corrupt and competent government institutions.”

However, what about the Allegory of Bad Government (*Allegoria del Cattivo Governo*), which was so vividly presented in the paired set of Lorenzetti’s frescoes and is presented on the cover of this book? One should pay attention to its central character, a devious-looking figure adorned with horns and fangs, and apparently cross-eyed. This figure is identified as Tyranny, who sits enthroned, resting his feet upon a goat (a symbol of luxury) while holding a dagger. Below the tyrant, the captive figure of Justice lies bound and swaddled, while the figures of Cruelty, Deceit, Fraud, Fury, Division, and War flank him, and above the tyrant float the figures of Avarice, Pride, and Vainglory. These symbols and features, according to an advice book for the city magistrate of that time, were considered the “leading enemies of human life.” Since the frescoes came as a pair, the whole scene demonstrated a mirror opposite of that of the Allegory of Good Government, creating a powerful reminder to the members of the city council of what they should and should not do in governing the city.

A viewer, or a reader of this book, who is familiar with politics in contemporary Russia may find a striking similarity between the image of the tyrant in Lorenzetti’s fresco and the appearance of Russia’s long-standing ruler,
Vladimir Putin. Besides the apparent visual resemblance, there are important substantive parallels between the interpretation of the nature of bad governance in fourteenth-century Siena and an understanding of this phenomenon in twenty-first-century political science. The common point is that unconstrained autocratic rule is considered the main source of bad governance both then and now, and numerous vices that result from it—be they related to deceit, fraud, avarice, cruelty, or war—cause harsh and often insuperable obstacles to justice and contribute to numerous pathologies for the development of states and societies. The question of the causes and effects of bad governance has not lost its relevance since the medieval period, and in the twenty-first century, the time is ripe to reconsider these issues from a scholarly perspective.

This is a book about how and why Russia, a highly developed, urbanized, well-educated, and relatively wealthy country, which demonstrated a promising potential for further advancement after the collapse of Communism and a series of complex post-Communist transformations, became a country with a trajectory of durable bad governance over the recent decades. Even though calls to improve the quality of governance in Russia have been made many times by political leaders and top officials, during the period of the 2000s and the 2010s there was little (if any) progress in many important dimensions of governance, regarding the rule of law control of corruption and especially, regulatory quality, as figures 1 through 4 demonstrated.
**FIGURE 2.** Control of Corruption in Russia, 1996–2018, World Bank (range from -2.5 to +2.5)

**FIGURE 3.** Regulatory Quality in Russia, 1996–2018, World Bank (range from -2.5 to +2.5)
What are the sources and mechanisms of governance in Russia? Should bad governance be expected to persist endlessly under authoritarian rule, or can the quality of governance be improved over time by certain policies? The recent discussions attempting to explain good and bad governance in various countries, regions, and policy areas have been quite extensive. The question is: How can we place present-day Russia on this global governance map? Should we consider Russia to be an outlier or, rather, a laggard vis-à-vis many other developed and developing states?

Indeed, in 1984, a Financial Times journalist noted that Russia’s predecessor, the Soviet Union, should not be regarded as “Upper Volta with missiles.” However, such a statement soon lost its initial meaning of juxtaposition and instead became a sort of label for the country during the period of Soviet collapse. At that time, it sounded deliberatively offensive, and most probably unjust, given the fact that Upper Volta (renamed in 1984 to Burkina Faso) was one of the poorest African nations. Almost four decades later, however, this statement has, in a sense, proved to be correct. Judging by the data from the Rule of Law Index by the World Justice Project, the Corruption Perception Index by Transparency International, and the World Bank’s Governance Matters, Russia has exhibited worse performance than Burkina Faso (still one of the poorest African nations) in five out of six key parameters of quality of governance (see table 1).
Although the validity of these and other cross-national rankings of states is the subject of numerous heated discussions, they may be used at least as a proxy for positioning certain countries on the global map of governance. While there is a high degree of correlation between the level of socioeconomic development (measured as GDP per capita) and the quality of governance in many countries, Russia seems to be an important, if not the only, major outlier from this tendency, especially regarding the rule of law and control of corruption, as figures 5 through 8 demonstrated.

This is why an in-depth focus on analysis of Russia’s “deviant case” may not only be useful for an understanding of the causes and effects of bad governance in this particular country, but also may shed some light on this phenomenon in a broader comparative perspective—which is essentially the goal of this book.

This introductory chapter is focused on setting the scene for the further exploration of issues of bad governance in Russia and beyond. After a short excursion to cover key concepts and definitions, it will explain the framework for analysis used in this book, present my main arguments, and outline the trajectory of bad governance in post-Communist Russia and its dynamics. The structure and contents of the following chapters will be briefly outlined in its concluding paragraphs.

### Table 1. Why Russia is Not Burkina Faso

<table>
<thead>
<tr>
<th>Indexes</th>
<th>Russia</th>
<th>Burkina Faso</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rule of Law Index (World Justice Project, 2020)</td>
<td>0.47 (rank 94 out of 128)</td>
<td>0.51 (rank 70 out of 128)</td>
</tr>
<tr>
<td>Corruption Perception Index (Transparency International, 2018)</td>
<td>28 (rank 137 out of 180)</td>
<td>40 (rank 85 out of 180)</td>
</tr>
<tr>
<td>Rule of Law Index (World Bank, 2018)</td>
<td>-0.82</td>
<td>-0.45</td>
</tr>
<tr>
<td>Regulatory Quality Index (World Bank, 2018)</td>
<td>-0.54</td>
<td>-0.39</td>
</tr>
<tr>
<td>Government Effectiveness (World Bank, 2018)</td>
<td>-0.06</td>
<td>-0.58</td>
</tr>
<tr>
<td>Control of Corruption (World Bank, 2018)</td>
<td>-0.85</td>
<td>-0.11</td>
</tr>
</tbody>
</table>

**Sources:**
- *Corruption Perception Index* (Berlin: Transparency International, 2020) https://www.transparency.org/cpi2019 range from 0 (min) to 100 (max)
**Figure 5.** GDP Per Capita and Rule of Law, 2018, World Bank (range from -2.5 to +2.5)

**Figure 6.** GDP Per Capita and Control of Corruption, 2018, World Bank (range from -2.5 to +2.5)
Figure 7. GDP Per Capita and Regulatory Quality, 2018, World Bank (range from -2.5 to +2.5)

Figure 8. GDP Per Capita and Government Effectiveness, 2018, World Bank (range from -2.5 to +2.5)
What Is Bad Governance?

One influential political scientist has defined “governance” as the “government’s ability to make and enforce rules, and to deliver services, regardless as to whether that government is democratic or not.” From this viewpoint, governance as a category of analysis is different both from state capacity, which is related to the state’s coercive and infrastructural potential to implement certain policies, and from state autonomy, which is related to the ability of the state apparatus to adopt and implement policies irrespective of political influence. Explicitly or implicitly, such an approach lies behind numerous studies on the subject, both theoretically and comparatively oriented ones and those focused on particular countries, regions, and policy areas. Although the causes and mechanisms of bad governance have been analyzed by political scientists since the times of Machiavelli, modern discussions of this phenomenon are fueled not only by a major rise of scholarly interest in various aspects of governance but also by the emergence of new research tools and databases assembled by various institutions and teams of analysts. However, the very notion of “bad governance” has to a certain degree remained an elusive term, one constructed as an antonym to “good governance”; the latter, in turn, is also based on multidimensional criteria and lacks a universally accepted definition.

The most widely used approach in the field is related to the World Bank’s Worldwide Governance Indicators program, where the understanding of good governance is based on six major pillars, or dimensions: (1) Voice and Accountability; (2) Political Stability and Absence of Violence; (3) Government Effectiveness; (4) Regulation Quality; (5) Rule of Law; and (6) Control of Corruption. While categories 1 and 2 relate to the quality of political regimes rather than to the quality of governance as such, the other four parameters, categories 3–6, establish the features of various dimensions of good governance. Scholars of the QoG Institute greatly expanded the understanding of good governance, adding to this list some other important dimensions of governance, such as accountability, efficiency, impartiality, and legitimacy, and employed this framework for analysis in several important scholarly contributions. However, such a comprehensive approach may contradict the good old Occam’s razor principle, or the law of parsimony, and go beyond necessity. This is why in this book I will mostly rely upon the minimalist definition of good governance offered by the World Bank because it better fits the purposes of my analysis. Thus, the four constituent elements of good governance are: effective government performance, decent regulatory quality of the state,
adherence to the basic principles of the rule of law\textsuperscript{25} and political and institutional constraints on corruption.

If one perceives bad governance as an alternative juxtaposed to good governance in the manner of antinomy (such an analytic approach was, for example, employed in a recent study of Russian modernization\textsuperscript{26}), then the key features of bad governance can be constructed as opposites of the principles of good governance in all of these four dimensions. Thus, bad governance can be understood as a combination of these attributes: (1) a lack of the rule of law and/or perversion of its basic principles; (2) a high degree of corruption, which penetrates all layers of governance; (3) a combination of high density, poor quality and selective implementation of state regulations (labeled here as the phenomenon of the “overregulated state”);\textsuperscript{27} and (4) general government ineffectiveness, except for certain crucial policy areas and/or priority projects and programs (often conducted under special conditions).

These attributes are related to governing the state in a narrow sense. Meanwhile, although lack of democracy and weakness of political rights, as well as political instability and violence, could be considered elements of bad governance in certain political and institutional contexts, these qualifications merely describe the qualities of political regimes, and cannot be attributed as features of bad governance by default. While some studies have demonstrated a conditional impact of democracy and authoritarianism on the quality of governance,\textsuperscript{28} their impact is often indirect and not always straightforward. The antinomy of features of good and bad governance is summarized in table 2.

Although in substantive terms such a negative definition of bad governance based on antinomies may be far from satisfactory, this approach is a logical consequence of the normative bias inherent in the perceptions of many social and political scientists. This normative bias in analyses of bad governance has also contributed to the extension of its attributes far beyond the aforementioned list, not only with regard to governing the state, but also in various aspects of social policies and state-society relations, such that the term has become a byword for a set of diverse negative tendencies.\textsuperscript{29} This broad interpretation is highly questionable, because it combines in the same category various phenomena that do not always relate to the quality of state governance and/or may stem from different causes; such an approach is dubious, being a form of “conceptual stretching.”\textsuperscript{30} At the same time, however, equating bad governance solely with widespread corruption, as some scholars argue, would be a wild oversimplification.\textsuperscript{31} Although corruption is an unquestionable element of bad governance, it should be regarded as a symptom (rather than a cause), and not the only symptom. Moreover, such an
The Politics of Bad Governance

11

The equation may result in an imperfect diagnostic of bad governance as a phenomenon being attributed to many very different yet highly corrupt governments in a similar way. If one were to compare political diagnostics with medical ones, it is as if a doctor equated a banal flu with pneumonia judging solely by patient symptoms like high temperature, fever, and cough, without relying on a lung X-ray or other tests. This is why I rely upon a different definition of the syndrome of bad governance that is based on the four major characteristics of governing the state presented above: lack and/or perversion of the rule of law, unconstrained corruption, poor quality of state regulations, and general ineffectiveness of government (some exceptions to this rule will be discussed in detail in chapter 6).

These characteristics need to be clarified for a better understanding of their role in governing the state: To what extent do they serve as symptoms of certain pathologies or, rather, to what extent may they be considered norms of bad governance? In other words, the mode of study of bad governance should be switched from normative assessment to a positive analysis. This also means that one needs to shift from the above-stated description of symptoms of bad governance as a specific syndrome to a causal explanation of why it emerges and develops and how it can be overcome (and indeed, whether it can at all). From

---

**Table 2. Antinomies of Features of Good and Bad Governance**

<table>
<thead>
<tr>
<th>Pillar of Governance</th>
<th>Good Governance</th>
<th>Bad Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Effectiveness</td>
<td>Generally effective and efficient government</td>
<td>Government may be effective mostly in certain crucial policy areas and priority projects and programs, conducted under special conditions</td>
</tr>
<tr>
<td>Regulation Quality</td>
<td>A decent regulatory framework, maintained by strong institutions and unbiased state bureaucracy</td>
<td>&quot;Over-regulated state,&quot; which combines high density and poor quality of state regulations with their selective implementation</td>
</tr>
<tr>
<td>Rule of Law</td>
<td>Adherence to basic principles of the rule of law</td>
<td>Lack of the rule of law and/or perversion of its basic principles</td>
</tr>
<tr>
<td>Control of Corruption</td>
<td>Low level of corruption, which is limited by political and institutional constraints</td>
<td>High level of corruption, which penetrates all layers of governance</td>
</tr>
</tbody>
</table>
this perspective, one must admit that bad governance is not only the opposite of good governance, but also a distinctive politico-economic order that is based on a set of formal and informal rules, norms, and practices, quite different from the norms of governance. In turn, this politico-economic order, although it may be perceived as one of the many instances of a “limited access order” and of the prevalence of “extractive” political and economic institutions, demonstrates several political foundations that make it a peculiar subtype of such orders. To put it bluntly, among the many countries belonging to these categories in the past and in the present, there are some countries that are governed intentionally badly because the political leaders of these countries establish and maintain rules, norms, and practices that serve their own self-interests. These political foundations are identified hereafter as a “constitution” of bad governance, or its informal institutional core. In other words, they are treated as de-facto “rules-in-use” serving as key institutional arrangements of the politico-economic order that sets up the framework and mechanisms for governing the state:

1. Rent extraction is the main goal and substantive purpose of governing the state at all levels of authority.
2. The mechanism of governing the state tends toward a hierarchy (the “power vertical”) with only one major center of decision-making, which claims a monopoly on political power (the “single power pyramid”).
3. The autonomy of domestic political and economic actors vis-à-vis this center is conditional; it can be reduced and/or abolished at any given moment.
4. The formal institutions that define the framework of power and governance are arranged as by-products of the distribution of resources within the power vertical: they matter as rules of the game only to the degree to which they contribute to rent-seeking (or at least do not prevent it).
5. The power apparatus within the power vertical is divided into several organized groups and/or informal cliques, which compete with one another for access to rents.

These political foundations are important for understanding the main features of bad governance as the basis of a respective politico-economic order and principal tools for its maintenance in governing the state. Indeed, if the state is governed in order to extract rents, then various forms and manifestations of corruption serve not as deviations from the norms of good governance but rather as means to achieve this goal. Similarly, poor quality of state regulations and perversion of the principles of the rule of law (hereafter “unrule of law”) not only contribute to extraction of rents but also reduce the risk of breakdown of
hierarchical power pyramids, and manage the conditional nature of the political and economic actors’ autonomy. The creation and frequent changing of both “fuzzy” and overly rigid formal institutions against a background of purposively selective law enforcement also serve these goals. In other words, I consider bad governance to be a social mechanism that emerges as an effect of the above stated politico-economic order based on a drive for rent extraction by major political and economic actors. The logic of formation of this mechanism may be illustrated in a graphic form (see figure 9).

In many ways, the emergence and maintenance of bad governance is similar to the rise of the political monopoly of autocratic rulers and their cronies, which is a by-product of the drive for power maximization of would-be dominant political actors given existing constraints or lack thereof. The pattern of creation of bad governance is similar to that of authoritarian regime-building: the drive for maximization of rents contributes to consistent building of those bad institutions (corruption, poor regulations, and the unrule of law), which may be considered effects of bad governance similar to the figures in Lorenzetti’s fresco. They maintain a socially inefficient equilibrium in order to serve the vested interests of actors with strong bargaining power. As a result, the ineffectiveness of government under these conditions becomes an unavoidable consequence of bad governance, although its scope and effects may vary in different sectors of economy and policy areas and during different periods of time. However, ineffectiveness of government is tolerated by rent-seeking actors and by societies at large as long as it does not produce major immediate challenges to the politico-economic order itself. Thus, bad governance is a functional, purpose-built, and even acceptable mechanism for many (if not most) political and economic actors, at least as a short-term solution.

The implications of such a framing of bad governance for further analysis are straightforward: it is perceived as a primarily agency-driven rather than structure-induced phenomenon. Although certain structural conditions such as material, institutional, and organizational legacies of the past, the capacity and autonomy of the state, and international linkages of certain countries affect quality of governance across the globe, and there is no reason to consider bad governance in given countries (including Russia) to be inevitable. Indeed, bad governance is created by people who have strong temptations to exploit their power for private purposes: if they do not face major constraints, they may impose this mechanism on society. The issue, however, is that some of these self-interested, rent-seeking actors who aim to build bad governance can achieve their goals (often for a long period of time), while others fail to do so due to a variety of reasons.
In essence, bad governance is a stable yet inefficient equilibrium: it can rarely be shaken, and re-equilibration is possible even after major exogenous shocks. As will be explored later in this book, post-Communist Russia, with its uneven political and economic dynamics, may serve as a prime example of this kind of low-level equilibrium. The stability of bad governance becomes self-reinforcing over time, while the apparatus of the state can only improve the quality of governance to a limited degree: its ability to pursue structural reforms aimed at improving effectiveness of government is severely constrained. The durable nature of bad governance in Russia and beyond demands reassessment and more in-depth analysis.

**Bad Governance: Why?**

The existing scholarship on good and bad governance is rather diverse and pays attention to different causal mechanisms, which in turn, are based upon the impact of political, economic, societal, and cultural factors. The influential
institutionalist approach, which predominates in political economy literature, focuses on the decisive influence of overarching institutional settings, such as the prevalence of “extractive” versus “inclusive” institutions\textsuperscript{43} or of “limited access” versus “open access” orders\textsuperscript{44} in patterns of governance. These orders and/or institutions, which emerged historically in various contexts, may persist for decades or even centuries, determine patterns of political competition and accountability (or lack thereof), and provide major conditions for good and bad governance in the long run. Another influential macrolevel societal approach tends to emphasize the major impact of social capital,\textsuperscript{45} social embeddedness and personal networks,\textsuperscript{46} which in turn, affects the position of interpersonal and institutional trust\textsuperscript{47} as essential components of the quality of governance. At the same time, the dark side of social capital (such as clientelism, patronalism, “amoral familism,” and the like)\textsuperscript{48} provides fertile grounds for long-term persistence of bad governance, therefore making it increasingly difficult to combat over time. Several influential studies, both contemporary and historical,\textsuperscript{49} discuss the validity of these arguments, thus encouraging scholars of Russian governance to follow these frameworks as major guidelines.

Overall, there is a dismal consensus among specialists: the common assertion of durable bad governance has become the default vantage point for almost all writings about Russia and other post-Soviet countries.\textsuperscript{50} However, the popular explanations of such a persistence in the literature vary considerably. Some authors tend to be excessively shallow in their approach. They emphasize the pernicious role of Putin and his entourage, portray the entire process of politico-economic changes as a Manichean struggle between reformers (“good guys,” the crusaders of good governance) and rent-seekers (“bad guys,” the defenders of bad governance)\textsuperscript{51} and blame the latter group of actors for building a “kleptocracy” and “crony capitalism”\textsuperscript{52} if not “mafia states.”\textsuperscript{53} While the factual grounds for such a criticism are often correct, explanations of this kind are often insufficient, as in the political realm most “guys” are neither good nor bad by default. The same political actors may endorse policy reforms aimed at improvement of quality of governance or adopt measures that may have devastating effects on governance. In fact, Vladimir Putin contributed to advancements of some policy reforms in the early 2000s (discussed in the chapter 4), but he also paved the way for many practices of bad governance.

The alternative is focusing on excessively deep explanations, as many experts attribute roots of bad governance in Russia to secondary effects of negative legacies of bad informality,\textsuperscript{54} which tend to reproduce “single power pyramids”\textsuperscript{55} in Russia and post-Soviet Eurasia over centuries. Some critically minded observers of Russia have deterministically argued that there is an inescapable
path-dependency\textsuperscript{56} and deeply embedded patrimonial rule in Russia\textsuperscript{57} that cannot be overcome at all, or at least not in the foreseeable future. Such a perception cannot be used to explain why Russia, both historically and in the present, has been able to build and maintain decent quality of governance at least in some policy fields prioritized by political leaders, sometimes pursue successful policy reforms, and demonstrate certain “success stories” of state-driven projects and programs (discussed in the chapter 6). If any given country is doomed to be governed badly forever, then how can we explain these advancements: Why do good apples still grow on such a bad tree?

In this book, I address the issue of causes and mechanisms of bad governance in Russia and beyond from a different scholarly optics, which is not especially country-specific and context-bounded, but based on a more general rationale of state-building, political regime dynamics, and policy-making. I argue that although these days, bad governance is almost universally perceived as an anomaly, at least in developed countries, in fact human history is largely a history of ineffective and corrupt governments, while the rule of law and decent state regulatory quality are relatively recent matters of modern history when they emerged as side effects of state-building\textsuperscript{58}. Indeed, the picture is quite the opposite: bad governance is the norm, while good governance is an exception. This paradox is not only a side effect of the worst features of human nature (although the personal qualities of many rulers, both contemporary and historical, are imperfect, to put it mildly). The problem is that most rulers, especially if their time horizons are short and the external constraints on their behavior are not especially binding, tend to govern their domains in a predatory way because of the prevalence of short-term over long-term incentives\textsuperscript{59}. While the examples of careless rulers who governed their respective states quite badly are numerous,\textsuperscript{60} we may wonder why some countries have established and developed good governance despite these incentives.

In the past, good governance did not emerge by default because of the good will of benevolent and prudent leaders and/or experts,\textsuperscript{61} but as a forced response by rulers to two interrelated challenges. First, fierce international rivalry led to numerous wars and bloody military conflicts, and those states that demonstrated ineffectiveness in both economic and military terms bore heavy losses and were even conquered by their more effective adversaries. This is why, according to Charles Tilly, rulers had to invest tremendous efforts in maintenance of control over their territories and in building effective state machinery, enabling them to exercise a monopoly on legitimate violence,\textsuperscript{62} collect necessary taxes,\textsuperscript{63} and use both the coercive and the infrastructural power of their states\textsuperscript{64} for survival in
a highly competitive international environment. Over generations, these rulers faced the need to make governance more suitable for international competition not only in military but also in economic terms, thus paving the way to modern good governance.

Second, the ineffectiveness and corruption of governments prompted the rise of domestic political conflicts because of pressure from various political and economic actors and citizens at large. These conflicts often went beyond the rulers’ control and contributed to the spread of uncontrolled violence and civil wars, which developed into major threats to the very existence of the states and ruined their social orders. The classical analysis of economic history, which focuses on the emergence of the rule of law and transition toward good governance after the Glorious Revolution in late seventeenth-century England, serves as an illustration of the impact of these challenges. As Douglass North and his collaborators have demonstrated, the monarchy’s inefficient policy contributed to the fiscal crisis of the state and the subsequent chain of violent political crises (revolution—dictatorship—restoration). This lasted for some decades until competing actors reached the solution of building a new order via empowering the parliament and establishing a limited government that was constrained in terms of borrowing money. It was only later that good governance played an important role in the long-term and sustainable economic growth that helped Britain to enhance its positions in foreign policy arenas and protect itself from international challenges.

However, in the contemporary world the nature of international and domestic challenges to bad governance is qualitatively different to that in the past. Against the background of the rise of new authoritarian regimes after the end of the Cold War amid the global antidemocratic tide in the twenty-first century, the new nondemocratic leaders faced relatively short time horizons (especially true for personalist electoral autocracies) and were therefore tempted to govern their countries badly, to the point of notoriety. Still, not all modern autocracies have necessarily resulted in comprehensive bad governance, as some of them (most notably, China) were able to provide certain political and institutional constraints to rent-seeking and corruption, especially at subnational level. Nevertheless, examples of authoritarian good governance are relatively rare. Dani Rodrik summarized these tendencies in a brief statement: “for every President Lee Kwan Yew of Singapore there are many like President Mobutu Sese Seko of Zaire (now called the Democratic Republic of the Congo).”

Meanwhile, the nature of constraints on bad governance has dramatically changed in the present day. Since large-scale wars are more or less matters of the
past, corrupt and ineffective governments are no longer at risk of conquest by foreign nations or loss of power through defeat in war. International challenges to autocratic rulers are indirect and take effect in the medium term. Though the risk of losses in international economic competition because of bad governance may be a rather frustrating nuisance for corrupt and ineffective governments, such challenges are far from critical for the survival of political leaders. Sluggish economic growth, a decline in foreign investments, and capital flight bring negative consequences for the countries involved but they do not always put the ruling groups at risk of losing power and wealth, at least in the short term. In terms of control over domestic conflicts and violence, one might argue that bad governance is a functional mechanism that maintains a delicate balance among elites, thus preserving the political status quo if domestic pressure from political and economic actors and society at large is sporadic and can generally be kept under control by the ruling groups. Under conditions of bad governance, ruling groups, in turn, can co-opt some rent-seeking actors as their loyal followers or use selective coercion and repressions toward other actors. Thus, domestic pressures that may disequilibrated bad governance can also be diminished. And if and when both international and domestic pressures are weak enough, then bad governance, once established and entrenched, may reproduce itself over and over again despite (or even thanks to) regime and leadership changes.

Why Bad Governance in Russia?

Perhaps the best description of the emergence of bad governance in the existing literature was provided not by scholars, but by a novelist, William Golding. His *Lord of the Flies* is worth reading as a classic example of the making of bad governance, in this case on an uninhabited island by a community of teenagers. According to Golding’s plot, the trajectory of governance on this island went from a failed attempt to build an electoral democracy, through a short-lived informal oligarchy, to a seizure of power by the most brazen teenager who excluded his rivals from the community, reshuffled a coalition of his followers, and established a harsh repressive tyranny, which resulted in a catastrophe. In the novel, the encroachment of external actors (namely, navy officers) put an end to this trajectory, but in real life, the catastrophe of bad governance could have continued virtually forever. One should admit, however, that Golding’s characters were not doomed to bad governance because of unfavorable initial conditions: they were just ordinary teenagers left to their own devices. The main lesson of *Lord of the Flies* for political scientists is that bad governance is a natural
logical outcome of the power maximization drive of successful brazen politicians who face insufficient constraints to their aspirations. Later, this argument was reformulated by leading scholars of authoritarianism who asserted that bad governance is typically the best politics for dictators: to a certain extent, the experience of post-Communist Russia and some of its neighbors in Eurasia fits these suppositions.

In this respect, the rise of bad governance in post-Communist Russia conformed to the logic of *Lord of the Flies*: indeed, it is practically the main outcome of the Russian state after the collapse of the Soviet Union. This is what happens if and when ruling groups lack immediate domestic and international challenges and meet little resistance to making their dreams come true. They can rationally and purposively maintain a politico-economic order that is unavailable to ruling groups in other political conditions: post-Communist leaders have often faced almost no constraints on their aspirations of rent-seeking and building single power pyramids. In brief, the syndrome of bad governance in post-Soviet Eurasia arose as a side effect of several major transformations, including the decay and collapse of the Soviet state and post-Communist state capture first from the outside (by oligarchs) and then from the inside (by top bureaucrats). Major rent-seeking ruling actors aimed to privatize gains and socialize losses during the process of political and economic changes, and many of them encountered few, if any, constraints on achieving these goals in the turbulent post-Communist political environment. Thus, they consciously, consistently, and deliberately continue to build and maintain socially inefficient institutions, or “rules of the game.” But given the short-term horizon of their planning, which is often constrained by the performance legitimacy of the ruling groups, and because of the dubious prospects of successful hereditary succession, these actors most often act as “roving” rather than “stationary” bandits. They steal state resources to the point where the label “kleptocracy” is not merely opinion journalism but rather an adequate description of various leaders’ governance of Russia and post-Soviet states. It is no wonder that the winners of post-Communist regime changes and economic reforms, who were able to secure their positions vis-à-vis domestic competitors and international influences, have used various political and institutional devices to preserve bad governance, although their degree of success has varied across states, sectors, and policy areas. At the same time, the numerous losers among Russian citizens have rarely raised their voices about bad governance—bottom-up protests dealt with certain governance-related issues or (to a much lesser degree) with the autocratic tendencies of the regime as a whole, but not with the politico-economic order as
such. Also, Russia, unlike its post-Communist counterparts in Eastern Europe, has encountered little influence from international actors in terms of pressure toward improving the quality of governance: Western leverages were weak, and more recently a drive for “sovereignty” of the Russian state at any cost has been serving as a shield aimed at the preservation of bad governance.

Despite these tendencies, Russia does not fully fit into the model outlined by Bruce Bueno de Mesquita and Alastair Smith. They argue that the survival interests of political leaders contribute to an intentional decay of quality of governance more or less universally. However, the Russian state was and is still able to conduct prudent policies and successfully pursue major developmental goals if and when they are strategically important for political leaders. Apart from rent-seekers, Russia’s “winning coalitions” have also involved numerous technocrats who have effectively provided quality expertise and put forth effort to prevent major governance failures and have often designed and implemented policy advancements, even though their results are sometimes far from desired. Certain state-driven development programs have brought positive effects. The problem is that such a coexistence of various patterns of governance (in the jargon used by some international agencies, it is referred to as “bad enough governance”) is rather imperfect and results in numerous contradictions. At best, these winning coalitions enabled certain fool-proofing in governing Russia during the twenty-first century, but they were a poor fit for further development of the country. Following Rodrik’s parallel stated above, one must admit that governance in Russia resembles neither Singapore under Lee Kwan Yew nor Congo under Mobutu Sese Seko, but rather combines elements of various models. However, this combination also contributes to the reinforcement of bad governance in the manner of a vicious circle. This vicious circle may be reproduced over time under different rulers, and attempts to overcome bad governance, if and when they occur, face strong resistance and often have only a limited impact on the quality of governance. I argue that the mechanism of bad governance in Russia and beyond cannot be broken without major regime changes, and even these changes will not necessarily bring about its defeat and the improvement of quality of governance, at least in the short term.

As I consider bad governance to be a primarily agency-driven phenomenon, its construction in post-Communist Russia and beyond may be regarded as an equivalent to the deliberate poisoning of the societal organism. Unlike other causes of major diseases—such as inheritance or trauma—it has been an outcome of the purposeful actions of numerous actors, driven mostly by their self-interest but also by certain ideas that guided the processes of post-Communist
transformation. In one way or another, this poisoning achieved its goals because of the fertile grounds and the lack of antidote amid the cultivation of bad governance via the efforts of Russia’s rulers and their cronies. Before turning to a detailed analysis of the mechanisms of bad governance in Russia, I will briefly outline the trajectory of its rise and further evolution, with an emphasis on the major critical junctures and drivers of continuity and changes.

The quality of governance in the Soviet Union was exceedingly poor. However, it was very different from what is understood as bad governance in terms of this book: rent-seeking and corruption as goals of governing the state. The political regime in the Soviet Union was highly institutionalized: it placed major formal and informal constraints on the behavior of elites, at least after Stalin’s death. Even though major violations of these rules occurred from time to time, they were largely considered deviations rather than norms. Nevertheless, attempts to rearrange the Soviet model of governance during Gorbachev’s perestroika were poorly prepared and changed the quality of governance from bad to worse amid a major crisis of the Soviet economy and the state. In the end, the Soviet Union collapsed under the avalanche of simultaneous economic troubles, political tensions, and ethnic conflicts. To some extent, the Soviet collapse, which contributed to a dramatic decline of state capacity in Russia and in the entire post-Soviet region, had the unintended consequence of serving as a trigger event for the rise of bad governance during the following decades because of the grave weakening of political and institutional constraints to rent-seeking.

No wonder that the “roaring” 1990s in Russia demonstrated plenty of examples of bad governance against the background of major political conflicts, a deep and protracted economic transformation recession, and the fragmentation of the Russian state in both vertical and horizontal dimensions. These include various developments such as “state capture” by economic interest groups, spontaneous state devolution from the federal center to regional fiefdoms, the criminal business of private protection, and the like. After this turbulence, the period of complex “triple transition” (regime change, market transformation, and nation-state building) ended by the early 2000s. Then the Russian economy attained an unprecedented growth rate, and the Russian state partially restored its capacity. Soon after, agents of state capture became peripheral or were integrated into the new institutional environment. “Oligarchs” lost their control over the political agenda and were placed into subordinate positions within the state-led corporatism; regional bosses lost their leverages of power and became dependent upon the federal center and large nationwide companies; criminal “violent entrepreneurs” were either legalized or marginalized, and so forth. To
paraphrase the title once coined by Theda Skocpol, the Russian state was being brought back. One might expect that the conservative post-revolutionary stabilization of the 2000s would not only extend the time horizon of major actors, but also open up room for a new gradual drift of Russia toward eradication of bad governance, similarly to overcoming growing pains. Over time, however, these tendencies in Russia became even stronger.

In the early 2000s, the Russian leaders launched several programs of state-driven policy reforms aimed at improving the quality of governance, and some of them brought major positive effects, even though they were only partial. Still, the drive for policy reforms was short-lived, and gradually these reforms lost priority status in the agenda of Putin and his entourage. At the same time, political changes aimed at democratization were intentionally and systematically pushed out of the menu of options for political leaders and policy reformers alike for the sake of an “authoritarian modernization” strategy (analyzed in detail in chapter 3). Over the course of the next decade, this strategy was implemented in a controversial way—an electoral authoritarian regime was successfully built and consolidated in Russia, yet the “narrow” economic modernization faced numerous problems, including those related to the quality of governance. In fact, Russia’s ruling groups effectively used the strengthening of the state and economic growth to pursue their opportunistic interests. Speaking more broadly, one might argue that the restoration of state capacity and economic growth does not by default lead to the overcoming of bad governance. Quite the opposite, the Russian experience of the 2000s has demonstrated that the “medicine” of authoritarianism can be even worse than the illness of bad governance itself; the post-traumatic stress resulting from this method of healing can easily turn into a pernicious chronic disease. In many ways, Russia in the 2000s fits the bitter statement of Adam Przeworski: “as any order is better than any disorder, any order is established.” This maxim is also true for the politico-economic order of bad governance that was established in Russia at that time.

The period of the 2010s brought new controversies to the politics of bad governance in Russia. On the one hand, the rapid economic growth that had served as a driver of Russia’s development before the 2008–2009 global crisis was exhausted, and over the last decade growth has been sluggish. On the other hand, the Russian annexation of Crimea in 2014 and the subsequent rise of international tensions amid domestic isolationist trends have contributed to further aggravation of bad governance. The political leaders who invested a lot of effort into the preservation of the political status quo easily sacrificed the quality of governance for the sake of keeping political “stability” at any cost,
and have tended to prioritize political loyalty over efficiency in all layers of government. At best, improvements of quality of governance have affected various issues of secondary importance, and their effects have been rather modest. More important, overall, the goals of economic growth and development have been consigned to the periphery of the Russian leadership’s agenda, being overshadowed by geopolitical ambitions. In effect, the consolidated authoritarian regime in Russia has become the main (although not the only) pernicious factor in the further deterioration of the quality of governance in the country. However, unlike in the case of Soviet collapse, this deterioration looks not like a sudden breakdown but rather like a gradual yet steady decay.

The present-day low-level equilibrium of bad governance in Russia is also maintained by the high costs of overcoming it, which may increase over time. These costs are related not only to the complexities of possible political regime changes (if and when they occur) but also to the need for major elite turnover. In fact, the short-term beneficiaries of bad governance in Russia are numerous: they are not only limited to top state officials and oligarchs, but also include the staff of law enforcement agencies and many public sector employees, so it is difficult to expect that their resistance to revision of the politico-economic order will be eradicated easily. Meanwhile, even small steps toward democratization are not on the agenda of Russia’s political leaders, as they tend to find other recipes to maintain “bad enough” governance. These recipes may be summarized as “3D”—deregulation, digitalization, and decentralization—but they can affect only technical rather than substantive issues of the quality of governance in the absence of a “4D” solution, which should include democratization as the number one item on the political agenda. However, the recent experience of democratization in some other post-Soviet countries (most notably, Ukraine) as well as the recent resurgence of bad governance in some East European countries (Hungary may serve as a prime example in this respect) tells us that democratization, though necessary, is not a sufficient factor for improving the quality of governance. This is why bad governance in Russia should be considered to be not just a short-term side effect of the one-off “poisoning” efforts of Putin and his entourage. By the 2020s, the consequences of this “poisoning” (which has continued over time in a systematic manner) have turned into a major long-term chronic disease that may be curable only with serious systematic treatment and outstanding efforts by the Russian political class and Russian society at large. The detailed analysis of causes, mechanisms, and possible evolution of bad governance in Russia, as well as lessons from the Russian experience for other states and nations, will be discussed further.
Plan of the Book

This book begins by setting the stage for exploring the politics of bad governance in Russia and beyond in terms of definitions, theoretical claims, and applications of these arguments to analysis of the trajectory of bad governance in Russia after the Soviet collapse. Chapter 2 focuses on mechanisms of bad governance in Russia and major factors in its maintenance. Apart from emphasis on the self-interest of major political and economic actors and on the instrumental use of bad governance by Russia’s elites, it also focuses on the use of various “legacies of the past” as tools for legitimation of bad governance and as ideational role models for Russia’s rulers and many citizens. It also discusses attempts at building efficient institutions aimed to improve the quality of governance in Russia in parallel to the existing mechanisms of bad governance and the limits of possible changes.

The following two chapters examine the origins of bad governance in post-Soviet Russia and attempts to constrain it via mechanisms of policy changes under conditions of authoritarian politics. Chapter 3 discusses the project of “authoritarian modernization” consciously and consistently pursued by the Russian elites after the Soviet collapse in the 1990s and especially in the 2000s. It focuses on the controversies of this project in terms of ideas, institutions, and policies, and the major flaws of authoritarian modernization that greatly contributed to the rise of bad governance. Chapter 4 examines one of the key elements of authoritarian modernization in Russia, namely the politics of policy reforms of the 2000s aimed at facilitating Russia’s economic development and improving the quality of governance. It provides an explanation for why these reforms resulted in only partial and temporary improvements and how this experience played a role in the subsequent building and consolidation of bad governance in Russia.

The next two chapters concentrate on other elements of the mechanism of governance in Russia, which aims to prevent major failures and bring certain advancements despite the overall gloomy picture of the quality of governance. Chapter 5 focuses on the role of technocrats in governing Russia—those policymakers who conduct certain policies reasonably well and perform functions of fool-proofing against the most dangerous vices of bad governance. Still, the influence of technocrats on policy-making in Russia is limited, and its effects should not be overstated. Chapter 6 examines “success stories,” or outstanding examples of state-directed programs and projects aimed at major achievements in certain policy fields during both the Soviet and the post-Soviet periods of Russian history. Although a rare combination of top-level political patronage
and effective policy entrepreneurship sometimes results in major breakthroughs, these success stories often prove short-lived, and rarely contribute to major diffusions of advancements beyond “pockets of efficiency” cultivated under special conditions. This is why hopes for spreading elements of good governance beyond certain limits appear illusory.

Chapter 7 aims to place the phenomenon of bad governance in Russia into a broader comparative perspective and consider the implications of the analysis of the Russian case beyond the region. I argue that the drive to make bad governance work is not particularly a country-specific and context-bounded process. Rather, Russia’s experience may be perceived as a negative role model for many rulers across the globe who would like to minimize the political and institutional constraints of bad governance. In the conclusion, the book discusses prospects for improving the quality of governance in Russia, as well as related opportunities, challenges, and risks the country may face on this thorny path.