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# **GETTING THINGS DONE IN AN ANTI-MODERN SOCIETY:**

## **SOCIAL CAPITAL NETWORKS IN RUSSIA**

*by Richard Rose*

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## **FOREWORD**

There is growing empirical evidence that social capital contributes significantly to sustainable development. Sustainability is to leave future generations as many, or more, opportunities as we ourselves have had. Growing opportunity requires an expanding stock of capital. The traditional composition of natural capital, physical or produced capital, and human capital needs to be broadened to include social capital. Social capital refers to the internal social and cultural coherence of society, the norms and values that govern interactions among people and the institutions in which they are embedded. Social capital is the glue that holds societies together and without which there can be no economic growth or human well-being. Without social capital, society at large will collapse, and today's world presents some very sad examples of this.

The challenge of development agencies such as the World Bank is to operationalize the concept of social capital and to demonstrate how and how much it affects development outcomes. Ways need to be found to create an environment supportive of the emergence of social capital as well as to invest in it directly. These are the objectives of the Social Capital Initiative (SCI). With the help of a generous grant of the Government of Denmark, the Initiative has funded a set of twelve projects which will help define and measure social capital in better ways, and lead to improved monitoring of the stock, evolution and impact of social capital. The SCI seeks to provide empirical evidence from more than a dozen countries, as a basis to design better development interventions which can both safeguard existing social capital and promote the creation of new social capital.

This working paper series reports on the progress of the SCI. It hopes to contribute to the international debate on the role of social capital as an element of sustainable development.

Ismail Serageldin  
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# **GETTING THINGS DONE IN AN ANTI-MODERN SOCIETY: SOCIAL CAPITAL NETWORKS IN RUSSIA**

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## **ABSTRACT**

While social capital networks are used to produce goods and services in every society, what is the nature of these networks in an "anti-modern" society, that is, a society characterized by organizational failure, or the corruption of formal organizations? The networks that individuals can invoke in response include informal, diffuse social cooperation; begging or cajoling public officials; using connections to "bend" rules or paying bribes that break rules. When formal organizations of state and market do not work, those who rely solely on these institutions become socially excluded, since they have no other network to fall back on. The paper draws on the author's specially designed nationwide Russian social capital survey of spring, 1998, which asked people about the networks they use to compensate for organizational failure in different situations. Consistent with James Coleman's assumption, it finds major variations in tactics from one situation to another.

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# **GETTING THINGS DONE IN AN ANTI-MODERN SOCIETY:**

## **SOCIAL CAPITAL NETWORKS IN RUSSIA**

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### **TABLE OF CONTENTS**

<b>I. INTRODUCTION.....</b>	<b>1</b>
<b>II. CONTRASTING APPROACHES TO SOCIAL CAPITAL NETWORKS.....</b>	<b>3</b>
<b>III. SITUATIONAL CHARACTER OF SOCIAL CAPITAL .....</b>	<b>6</b>
<b>IV. REDUNDANCY IN THE FACE OF UNCERTAINTY.....</b>	<b>13</b>
<b>V. HOW TYPICAL IS RUSSIA?.....</b>	<b>16</b>
<b>VI. IMPLICATIONS FOR THEORY AND PRACTICE.....</b>	<b>19</b>
<b>VII. REFERENCES.....</b>	<b>21</b>



## INTRODUCTION

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Social capital is not a new phenomenon; networks for the production of goods and services are an inevitable feature of all societies, ancient or modern. But what makes a modern society distinctive is the predominance, in both the market and the state sectors, of social capital in the form of large, impersonal bureaucratic organizations operating according to the rule of law (Weber, 1968), such as IBM, commercial airlines, social security agencies and universities. Even though informal networks can supplement or at times substitute for formal bureaucratic organizations, in modern societies they are of much less importance than in a traditional or pre-modern society (cf. Polanyi, 1957; Rose, 1986).

But what is the role of social capital networks in an "anti-modern" society permeated by organizational failure, that is, formal organizations are numerous and important but often fail to operate impersonally, predictably and in accordance with the rule of law? Is this paralleled by "social failure", that is, individuals displaying 'amoral familism' and refusing to co-operate (cf. Banfield, 1958)? If social capital networks exist, are they substitutes for discredited formal organizations? Or do they penetrate formal organizations to correct for their shortcomings or re-inforce "anti-modern" features by allocating goods and services through favoritism and bribery?

An anti-modern society is complex; formal organizations are an integral part of activities central to the lives of every household, to the economy and the polity. But these organizations fail to operate as in a modern society (Table 1). Instead of responding to signals from prices and laws, rules are bent or broken by politics, bribes and personal contacts. The system is semi-transparent or opaque rather than transparent and the rule of law is an excuse for rigidity or rent-seeking rather than a guide to conduct. The result is uncertainty that clouds calculations and expectations. An anti-modern system can be effective, for example, putting a man on the moon or developing nuclear weapons, but its output is achieved in spite of the chronic inefficiencies of the system.

**Table 1. Comparing Modern and Anti-Modern Societies**

	<i>Modern</i>	<i>Anti-modern</i>
Operation	Complex	Complex
Signals	Prices, laws	Rules, politics, bribes, personal contacts
Openness	Transparent	Translucent, opaque
Lawful	Yes	Rigidity modified by waivers
Cause and effect	Calculable	Uncertain
Output	Efficient	Inefficient
Effectiveness	Yes	Usually but not always

*Source: As discussed in Rose (1996) 244ff.*

In terms of output, physical capital and the human capital of its population, Russia appears to be a modern society. Nearly everyone in the labor force has at least a secondary education, three-quarters of the population is urban, and telecommunication and transport link a population dispersed across eleven time zones. To describe post-Communist societies as in "transition" focuses much more attention on the goal than on the point of origin. However, state and market remain influenced by the anti-modern Soviet legacy. Ideological mobilization by the party-state drove individuals to seek refuge in private and unofficial networks. Russians created both a repertoire of 'second economies' and a 'second polity' (Grossman, 1977; Gitelman, 1984: 241), using social networks to insulate themselves from intrusive organizations and when forced to engage, to exploit formal organizations. The networks were not destroyed by the collapse of the Soviet Union; to a substantial degree, Russians continue to rely on a variety of "unmodern" networks to get by amidst the turbulence of transformation. However, the persistence of such networks is a formidable barrier to Russia's transition from an anti-modern to a modern society (cf. Rose, 1993).

Understanding societies distant from Weber's ideal-type modern society or Putnam's (1993) civic democracy is necessary if theories of social capital are to be sufficiently robust to apply in many parts of the world where rule of law, impersonal and efficient bureaucratic organizations are not dominant, and social capital networks may be used against an anti-modern state. This paper presents empirical evidence from a specially designed nationwide Russian social capital survey that examines the varied tactics that people adopt in one situation or another to substitute for or subvert organizational failings in an anti-modern society.

## CONTRASTING APPROACHES TO SOCIAL CAPITAL NETWORKS

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Social capital is here defined as the stock of formal or informal social networks that individuals use to produce or allocate goods and services. In common with other definitions, this emphasizes that social capital is about recurring relationships between individuals.

Networks both informal and formal. Social networks of an informal nature are face-to-face relationships between a limited number of individuals who know each other and are bound together by kinship, friendship or propinquity. Informal networks are "institutions" in the sociological sense of having patterned and recurring interaction. Lacking legal recognition, fulltime officials, written rules and their own funds, they are not formal organizations. Even if networks have a formal identity, such as a choir or a rural cooperative, face-to-face networks tend to be horizontal and diffuse, and an individual's reputation for helpful cooperation is more important than cash payments and bureaucratic regulations. The characteristic output of informal networks is a small-scale do-it-yourself service such as help in house repair or child care or providing information and contacts to deal with an unfamiliar situation. Most outputs are unrecorded in national income accounts. Many are incalculable, being based on affection or obligation within a family, extended family or friendship network (see Rose et al., 1998: 91ff).

Formal organizations are rule-bound, bureaucratic, have a legal personality and secure revenue from the market or the state. A formal organization can have individuals as its members, for example, a professional association of doctors, or its members can be organizations, for example, an association of hospitals. However, the links between actual individuals and organizations of organizations are intermediated many times for example, the relation between the managers of a joint stock firm and its nominal owners. Formal organizations are a necessary part of a modern society, for it requires impersonal bureaucratic organizations of state and market that can routinely produce complex goods such as automobiles and services such as university education (cf. Woolcock, 1998: 169ff). The literature on corporatist cooperation between government ministries, enterprise associations and trade unions emphasizes the dominance of formal organizations in a modern society. Individuals are mobilized as followers and joining an association may be a condition of operating a business or practicing a trade. Schmitter (1995: 310) goes so far as to argue, 'Organizations are becoming citizens alongside, if not in the place of, individuals'.

There are many links between informal and formal organizations, both horizontal (a family books a holiday from a travel organization) or vertical (individuals can have informal relations in their union branch, which is affiliated to the district and regional levels and a distant national headquarters). Although a leading institutionalist, Douglass North (1990: 36) has argued:

In the modern Western world, we think of life and the economy as being ordered by formal laws and property rights. Yet formal rules in even the most developed country make up a small (although very important) part of the sum of constraints that shape choices. In our daily interactions with others, whether within the family, in eternal social relations or in business activities, the governing structure is overwhelmingly defined by codes of conduct, norms of behavior, and conventions.

However, a formal organization cannot behave like individuals interacting informally, for its employees are officials of a rule-bound formal organization. An informal network has fewer resources and rules but more flexibility and, in the literal sense, more sympathy than a formal organization.

The relationship between informal social capital networks and formal organizations is contingent. Informal networks can have positive consequences within formal organizations, and even more in the interstices between formal organizations, as in Edmund Burke's statement that soldiers fight for their platoon rather than for a bureaucratic military organization. But in an anti-modern society such as the Soviet Union, informal and formal networks often contradicted each other. Uncertainties arising from the behavior of formal organizations encouraged the formation of informal horizontal networks that individuals could use to insulate themselves from exploitative organizations. When individuals were caught up in activities of formal organizations, they could "de-bureaucratize" their relations, relying on personal contacts, barter or bribes to get what they wanted (see Ledeneva, 1998). Mutual cooperation was based on the morality of face-to-face groups that Max Weber characterized as Binnenmoral; the complement was 'outsider morals' (Aussenmoral) that justified the exploitation of formal organizations. Russia today continues to suffer from a "missing middle" of organizations linking informal grass roots networks and modern organizations, and the gap is sometimes filled by anti-modern enterprises run by ex-nomenklatura officials or by Mafiya organizations (cf. (Shlapentokh, 1989: 4ff; Hedlund and Sundström, 1996).

Three alternative approaches. For empirical analysis of the production of goods and services, James S. Coleman (1990: 302) offers an appropriate political economy framework. Social capital is defined in situational and instrumental terms. Individuals use networks in order to produce a tangible flow of goods and services, such as minding another person's child or finding a job. Because social capital is instrumental, it is an endogenous feature of social relations. However, the type of network needed varies from one situation to another. To claim a pension involves interaction with officials in a large bureaucratic organization, whereas organizing a church social event depends on personal networks. A joint stock company, a Grameen bank and agricultural cooperatives are positive examples of the instrumental use of social capital to produce goods and services. Ignoring rules to do favors for friends or taking a bribe in return for allocating public property are examples of networks mis-allocating goods, that is, breaking the rules governing state and market in a modern society.

Empirically, situational theories of social capital predict: *an individual relies on a heterogeneous set of social capital networks, depending on the incentives and constraints affecting how things can get done in a given situation.* Because of the variability of networks and users from one situation to another, social capital cannot be reduced to a single unit of account and aggregated into a summary statistic characterizing the whole of society. The aggregation barrier is not due to the "ghost" or residual nature of social capital networks, but because their characteristics tend to be situation specific.

An alternative approach treats social capital as social psychological or cultural beliefs and norms; in Inglehart's (1997: 188) phrase, 'a culture of trust and tolerance in which extensive networks of voluntary associations emerge'. Networks are a consequence of people trusting each other rather than trust emerging as a by-product of association (but see Dasgupta, 1988). People



who trust each other interact to form associations in situations ranging from choirs and sports groups to the work place and thereby become more trusting.<sup>1</sup> In Inglehart's view, 'social capital [that is, trust] plays a crucial role in both political and economic cooperation'. Social capital not only spills over from one situation to another, but also "spills up", creating large-scale representative institutions such as political parties important in *Making Democracy Work*, the title of Putnam's pioneering re-interpretation of Italian political culture;<sup>2</sup> it also encourages the formation of large formal organizations of state and market.

Because social capital is seen as a generalized predisposition to cooperation and trust, this leads to the empirical prediction: *There is consistency in networks chosen by an individual from one situation to another, even though there may be a wide dispersion of social capital between individuals within a society.* It is deemed possible to measure an individual's quantum of social capital by assessing an individual's disposition to trust other people or major institutions of society or adding up an individual's participation in voluntary associations. Research may then focus on why some people are more trusting than others or on why some cultures are more trusting than others. These are valid social psychological questions but different from the "bottom line" concern with the production of goods and services in particular situations that is the core of Coleman's political economy approach.

Fukuyama's (1995: 26ff) study of 'social virtues and the creation of prosperity' has a Durkheimian emphasis on culture as the source of trust and cooperation. Fukuyama cites cross-cultural differences in social capital to explain cross-national differences in forms of economic organization, specifically, a predisposition toward firms based on family and kinship in societies such as France, as against those in which there are strong ties to impersonal corporations, for example Japan. Empirically, the culture theory hypothesizes: *homogeneity in social capital between individuals within a society is substantial, including consistency from one situation to another.*

There has been limited empirical resolution of differing theoretical approaches because the demand for empirical indicators far exceeds the supply. Even in data-rich OECD countries, the debate about whether social capital is increasing or decreasing is being conducted with fragmentary evidence collected for other purposes (cf. Putnam, 1997; Ladd, 1996; Jackman and Miller, 1998). Readily available evidence tends to be attitudinal data about trust or membership figures in organizations, even though their validity as indicators is challenged (see e.g. Baumgartner and Walker, 1988; Fukuyama, 1997: 127-31).

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<sup>1</sup>. Inglehart's definition is cited because he avoids the mistake of conflating different elements in the causal chain, as Putnam (1997: 31) does in defining social capital as 'features of social life - networks, norms and trust - that facilitate cooperation and coordination for mutual benefit', thus making it impossible to use the term to construct a cause and effect model of the relation between networks, norms and trust.

<sup>2</sup>. While Tocqueville is often cited as a pioneer of this approach to social capital, this is historically anachronistic. When he wrote *Democracy in America* in the 1830s, associations were primarily local, voluntaristic and face-to-face, for more than 90 percent of Americans lived in communities of less than 2,500 people without any of the facilities for communication that integrate individuals and communities in a modern industrial society.

## SITUATIONAL CHARACTER OF SOCIAL CAPITAL

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Even in an anti-modern society there is no escape from becoming involved with organizations to obtain education, health care, housing and employment. What do Russians do? If social capital networks are culturally determined, a single anecdote about a society would suffice. If social capital is based on individual trust, then assessing the disposition of individuals on this score would be sufficient to understand networks. However, even if every individual behaved the same within a culture or each individual relied on a generalizable stock of trust in different situations, this can only be demonstrated by systematically collecting evidence about behavior in different situations.

The social capital data analyzed here comes from a questionnaire specially designed to identify the networks that Russians turn to in everyday situations; it was used to interview 1,904 adult Russians face-to-face in a multi-stage randomly stratified sample covering the whole of the Russian Federation, urban and rural, with 191 widely dispersed primary sampling units. Fieldwork by VCIOM (the Russian Centre for Public Opinion Research) took place between 6 March and 13 April 1998 (for sample details, see Rose, 1998: 72ff). The questionnaire drew on the experience of six previous New Russia Barometer surveys since January, 1992 (for details, [WWW.strath.ac.uk/Departments/CSPP/](http://WWW.strath.ac.uk/Departments/CSPP/)).

In selecting situations to ask about, the first criterion was that they should affect a majority of households rather than be minority interests such as singing in a choir or bowling. The situations asked about include concerns of every adult, whatever their economic status - food, housing, protection from crime on the streets and at home, income security, health, and governance. In addition, questions were asked about situations involving a substantial portion of the population: care and education of children for the 44 percent with children; employment-related networks for those in the labor force; and getting paid a pension for those in retirement.

Secondly, to determine the extent to which Russians can or cannot rely on formal organizations to operate as in a modern society, the questionnaire described situations in which formal organizations are major sources for the delivery of goods and services, such as hospital treatment, education and employment. Asking about the delivery of goods and services that the respondent, family members or friends and neighbors use provides much evidence with greater face validity than questions about trust in distant national institutions for which television and press are the primary media of information.<sup>3</sup>

Thirdly, in each situation the focus was on the production of particular goods or services, such as a house repair, or on their allocation or misallocation, for example, expediting the delivery of an entitlement such as unpaid wages, or securing university admission for a youth whose grades did not entitle him or her to a place. The question left open whether or not an individual relied on a modern organization to produce what was required, or expected to turn to one or another informal

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<sup>3</sup>. A battery of questions about trust in macro-institutions of society showed a majority of Russians distrusting or skeptical about every major institution of their society, especially about representative institutions of governance (Rose and Mishler, 1998).

network. Giving proper scope to the role of formal networks avoids the anthropological fallacy of treating every relation as "outside" modern structures; it also avoids the formalist fallacy of assuming that organizations actually represent the people on whose behalf they claim to speak. The Social Capital survey found that in Russia, 80 to 90 percent do not belong to any voluntary association.<sup>4</sup>

Alternative tactics for getting things done. In the ideal-type modern society, people do not need a repertoire of tactics for dealing with formal organizations; bureaucratic organizations are predictably expected to deliver goods and services to individuals as citizens and customers. To invoke Weber, modern organizations operate like a vending machine: a person inserts an entitlement or money and the expected good or service is delivered. In a modern society we do not think it unusual if electricity is supplied without interruption and regularly billed, an airline ticket booked by phone is ready to pick up at the airport, or a pension is paid routinely each month. If people use informal networks this choice is not a vote of no confidence in state and market organizations.

But what if modern organizations do not work in the ideal-type way? Given the centrality of money incomes in a modern society, the inability of organizations to pay wages or a pension due is an appropriate indicator of the extent of organizational failure in Russia. The Social Capital survey found that less than two in five Russians routinely receive the wage or pension to which they are entitled (Figure 1). Wages are more likely to be paid late to employees of such public sector organizations as the military, education and state enterprises than to employees in the private sector. Moreover, pensions, a state responsibility that is easy to routinize in a modern society, are even more likely to be paid late than wages.

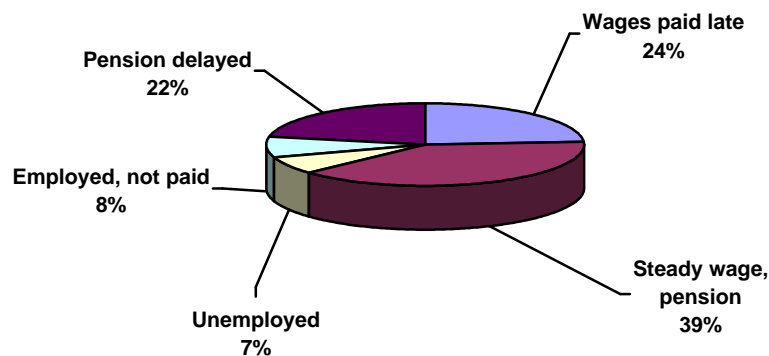
Confronted with organizational failure, individuals have a choice between a variety of alternatives. Informal networks can substitute for the failure of modern bureaucratic organizations. Additional tactics include trying to personalize relations with impersonal bureaucrats or using connections or bribery in an attempt to get bureaucrats to violate rules; or fatalistically accepting that nothing can be done. In each module of the questionnaire, respondents were asked a series of questions about what they had done or would do or advise a friend to do to get something done in a familiar situation - including reliance on an organization to do what it is supposed to. For each situation, a multiplicity of tactics was offered. The answers show which network or networks Russians rely on and the extent to which tactics vary with the situation (for illustrations, see Table 2; for full details, see Rose, 1998).<sup>5</sup>

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<sup>4</sup>. In reply to direct questions, less than 5 percent of Russians said they belong to a sports, music or arts club, housing or neighborhood association or a political party (Rose, 1998: 60). Altogether, 91 percent are not members of any of the face-to-face organizations often described as the building blocks of a civic democracy. If associational involvement is expanded to include those attending church at least once a month (4 percent) and union members who trust local union leaders to represent their interests (8 percent), the proportion of Russians completely outside institutions of civil society remains very high, 79 percent.

<sup>5</sup>. A similar approach, described as 'working the output side', was used in the Soviet Interview Project to study behavior of emigrants from the late Brezhnev period (see DiFranceisco and Gitelman, 1984: 611). The logic is parallel to Greif's (1994: 915) emphasis on the importance of understanding beliefs that represent 'individual's expectations with respect to actions that others will take in various contingencies', a situational approach phrased in cultural language.

**Figure 1. Regularity of Income**



<i>Steady income:</i>	Always employed (C5.1a) AND wages never late (C5.1b), Or Pensioner AND Pension paid on time (C0.3)
<i>Unemployed:</i>	Positive reply (C5.1a)
<i>Wages paid late:</i>	Always employed AND wages delayed (C5.1d)
<i>Employed, not paid:</i>	Always employed AND wages not paid (C5.1d)
<i>Pension Delayed:</i>	Pensioner AND pension delayed (C0.3)

*Source: New Russia Barometer Survey VII (1998). Fieldwork by VCIOM; number of respondents: 1,904.*

In almost every situation, when the Social Capital survey asked Russians about getting things done by nominally modern organizations, a majority did not expect to obtain what they wanted with vending machine efficiency. The only set of organizations that a majority expect to work as they should are food shops; 74 percent think they charge prices as marked, and go to shops regularly. While this may appear obvious in a modern society, in Russia this is a novelty, for in the command economy food stores allocated goods by a combination of queuing, the black market and arbitrary fiat. Only two-fifths have confidence in the police providing protection from house burglars, and a third rely on social security offices to pay entitlements.

**Table 2. Alternative Tactics for Getting Things Done**

	<u>Invoking Tactic</u>
<b>MODERN ORGANIZATIONS WORK</b>	
<u>Public sector allocates by law</u>	
Police will help protect house from burglary	43%
Social security office will pay entitlement if you claim	35%
<u>Market allocates to paying customers</u>	
Buy a flat if it is needed	30%
Can borrow a week's wage from bank	16%
<b>INFORMAL ALTERNATIVES</b>	
<u>Non-monetized production</u>	
Growing food	81%
Can borrow a week's wage from a friend	66%
<b>PERSONALIZE</b>	
<u>Beg or cajole officials controlling allocation</u>	
Keep demanding action at social security office to get paid	32%
Beg officials to admit person to hospital	22%
<b>ANTI-MODERN</b>	
<u>Re-allocate in contravention of the rules</u>	
Use connections to get a subsidized flat	24%
Pay cash to doctor on the side	23%
<b>PASSIVE, SOCIALLY EXCLUDED</b>	
<u>Nothing I can do to:</u>	
Get into hospital quickly	16%
Get pension paid on time (pensioners only)	24%

*Source: New Russia Barometer Survey VII (1998). Fieldwork by VCIOM; number of respondents: 1,904.*

In a modern society, the "mega-network" of the market offers an alternative to the failure of government organizations to all who have a sufficient income. In Russia, choosing what you want from competing shops is a novelty. The great majority have sufficient money to pick and choose their food in the market place and stores now regularly have ample stocks of food to sell. However, when larger sums are involved, the proportion able to turn to the market falls precipitously. Less than one in three expect to have enough financial resources to consider buying a house, and only one in six reckon they could secure a bank loan.

Individuals can exit from dealing with modern organizations by substituting production by a non-monetized informal network. Having experienced chronic food shortages in shops of the old regime, four-fifths of Russian households, including a big majority of city dwellers, continue to

grow some food for themselves (cf. Rose and Tikhomirov, 1993). While only one in four Russians has any savings and a big majority of the unemployed do not receive a state unemployment benefit, most Russians can draw on informal networks of social capital for cash. A total of 66 percent report that they could borrow a week's wages or pension from a friend or relative. In a developing society such informal networks can be described as pre-modern, but in the Russian context they are evidence of "de-modernization", means of avoiding the consequences of the failings of large bureaucratic organizations. Even though such activities do not turn up in national income accounts, they are nonetheless real to those who rely on them.

When a formal organization does not deliver and an individual cannot substitute the market or an informal network, three different types of network can be invoked to "de-bureaucratize" dealings with an organization, that is, to find a way to make it produce goods and services. A person can try to personalize his or her relationship, begging or cajoling officials to provide what is wanted. Since the great majority of Russians do not expect to get paid an unemployment benefit when they file a claim, the most common tactic is to personalize the claim, pestering officials until it is paid. This is not a retreat into pre-modern informal networks but a stressful attempt to compensate for the inefficiencies of bureaucratic organizations by taking a step backwards into a pre-modern relationship in which individuals pleaded for benefits.

The behaviour of organizations in Soviet times encouraged Russians to adopt anti-modern tactics. The Social Capital survey found that 68 percent thought that to get anything done by a public agency in Soviet times you had to know people in the party. It was even more widely assumed that you had to have connections, a network of friends extending to friends of friends or even friends of friends of friends; in the words of the folk saying, 'Better a hundred friends than a hundred roubles'. The Russian concept of blat usually refers to using connections to mis-allocate benefits, as they are invoked to get an official to "bend" or break rules (cf. Berliner, 1957: 182ff; Ledeneva, 1998: 37ff). Connections, that is, asking for favors on the basis of being part of a "circle" (svoim) or network is also found today. For example, 24 percent endorse connections as the way to get a government-subsidized flat.

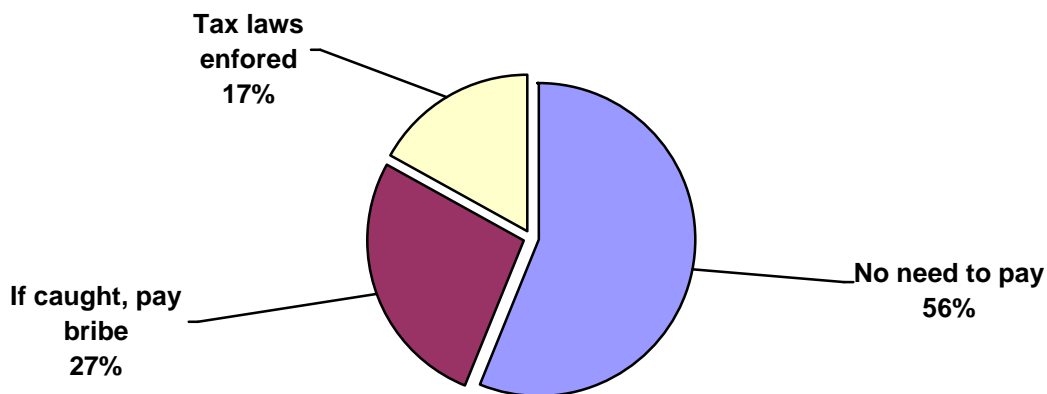
The introduction of the market has increased opportunities for overt corruption, that is, the payment of cash to get officials to break rules to the benefit of a recipient. Nine-tenths of Russians think corruption is now based on cash payments rather than party ties, but the expectation that the rule of law is not followed is constant. Taxation provides an excellent example, for the capacity to collect taxes is a defining characteristic of the modern state. Russia has yet to meet this requirement; there are estimates that half of anticipated state revenue is not collected - and some that is collected is "levied" rather than paid by modern means. The great majority of Russians see taxation in anti-modern terms. Among employed persons, only 41 percent say that taxes are deducted when their employer pays wages.<sup>6</sup> A majority, 56 percent, say that there is no need to pay taxes if you don't want to do so, for the government will never find out, and 77 percent believe that a cash payment to a tax official would enable a person to evade payment of taxes claimed (Figure 2). Altogether, five-sixths of Russians think that taxes can be evaded; they differ only in whether the best tactic is not to pay at all or that a "tip" to a tax official is needed to avoid legal obligations.

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<sup>6</sup>. Only 5 percent say that no taxes are deducted; 54 percent say they do not know whether taxes are deducted. A separate study is required to determine what proportion of taxes deducted are paid into the appropriate public fund.

While Russians feel that "they" (that is, bureaucratic officials) are corrupt, a majority usually do not indicate that they would pay a bribe to get things done – but this is sometimes because if you have the right connections no money need change hands to get the rules bent on one's behalf.

**Figure 2. Ease of Tax Evasion**



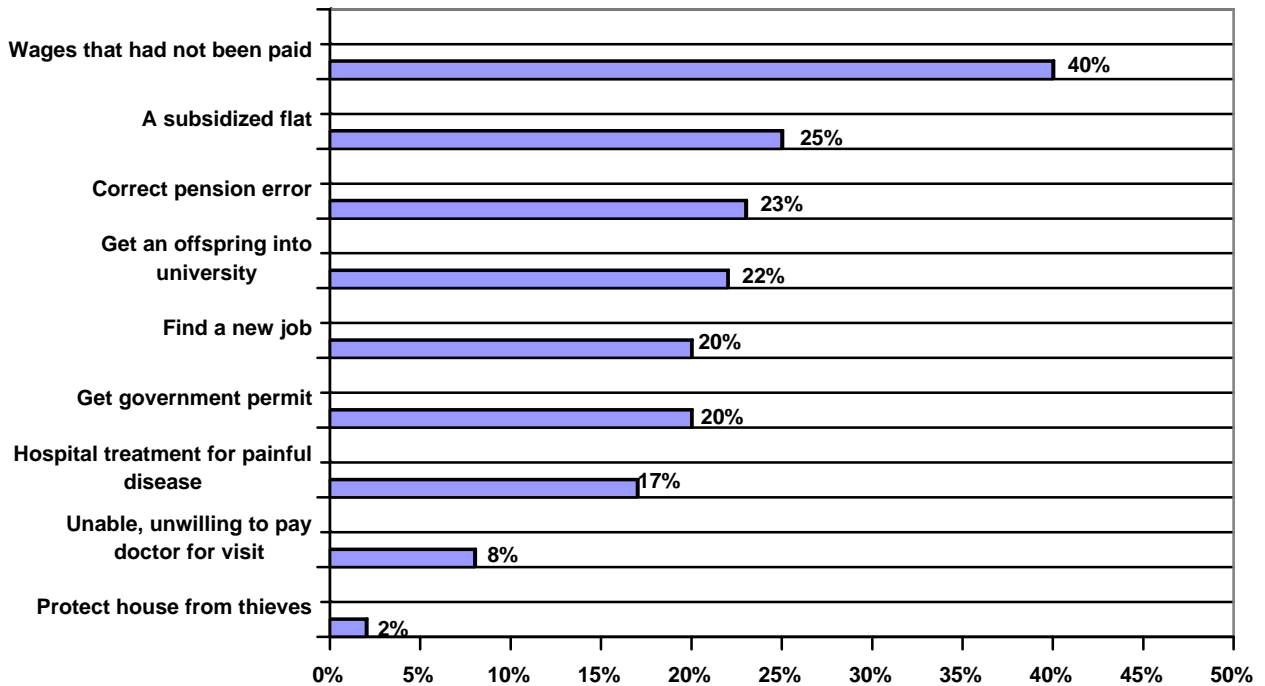
*Source: New Russia Barometer Survey VIII (1998). Fieldwork by VCIOM; number of respondents: 1,904.*

The assumption that "everybody is doing it", whatever "it" is ignores the fact that resources for getting things done are not equally distributed throughout a society, and networks are exclusive as well as inclusive. The concept of social exclusion (Room, 1995) is apt to characterize the position of individuals lacking networks to secure everyday goods and services. As an indicator of exclusion, for each situation the Social Capital survey offered the statement: Nothing can be done. By this standard, a big majority of Russians are not socially excluded, that is, unable to draw on some form of social capital when problems arise in everyday situations (Figure 3). The majority able to rely on at least one network to get things done varies from 60 percent to more than 90 percent.<sup>7</sup> Hardly any Russian thinks that nothing can be done to protect their home from crime. The situation that is most likely to produce a sense of helplessness is the non-payment of wages, an indication that when this occurs the enterprise is so short of money that pushing or bribing will be of no avail.

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<sup>7</sup>. When Russians are asked how much control they have over their lives, on a scale with 1 representing no control at all and 10 a great deal the mean reply is almost exactly in the middle, 5.2. Only 7 percent place themselves at the bottom, feeling without any control of their lives.

**Figure 3. Measures of Social Exclusion if Organization Fails**  
**(Percent saying that nothing can be done to obtain service or good)**



*Source: New Russia Barometer Survey VII (1998). Fieldwork by VCIOM; number of respondents: 1,904.*

Organizational failure is not a sign that nothing works - but that organizations do not work as in a modern society. When a formal organization fails to operate routinely, individuals can invoke a variety of social capital networks to get things done. The networks vary from one situation to another, often for reasons related to the structure of the situation. There is far more scope for informal cooperation in house repair than in hospital treatment; more scope for using bribery or connections to obtain a flat; and growing vegetables is a straightforward method to produce food.

In every situation, a variety of networks are applicable - and Russians differ in their choice. Whatever the situation, some people will rely on the public bureaucracy to deliver goods and services, while others rely on informal do-it-yourself cooperation, personalistic cajoling of bureaucrats or anti-modern bending or breaking of rules, and if the situation makes it feasible, some turn to the market.



## REDUNDANCY IN THE FACE OF UNCERTAINTY

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On first glance, variations in the choice of networks appears to offer support to the social psychological theory that individuals differ greatly in their social capital. While Russians clearly differ in tactics they pursue in any one situation, there is no reason to expect that this is due to an exogenous given such as a generalized disposition to trust or distrust other people. It is unreasonable to expect an individual to rely on only one tactic in all situations, since there are incentives and opportunities for an individual to pursue different tactics in different situations. A person can also invoke more than one network to get something done.

Uncertainty is the bane of an anti-modern society. The presence of formal organizations is evidence that goods and services can be produced, but their infirmities are a warning that they will not be provided with the automaticity of a vending machine. In such circumstances people can rely on the logic of redundancy, maintaining links with more networks than are normally necessary so that if one fails another can be invoked. Insofar as networks differ in their efficacy from one situation to another, an individual who has a varied set of networks multiplies his or her non-redundant contacts, so that if one tactic does not work another may be tried (cf. Burt, 1992: 17ff). Even if redundancy appears inefficient, it can also be effective, ensuring that by one means or another something will get done. In effect, the pathologies of formal organizations externalize onto individuals significant costs in obtaining what they want.

Job search is a classic example of redundancy; people can look for work by a multiplicity of means. Economic transformation has made Russians insecure; more than three-fifths in employment worry about losing their job. Yet these anxieties are balanced by confidence in being able to find another job; almost two-thirds think they could do so. Redundancy contributes to this confidence. Four-fifths have some idea of what they would do to find a job and a majority can call on at least two different networks in a job search. The alternatives, and the frequency with which they are named, are:

<i>Informal networks:</i>	Ask friends, 50%, family, 11%
<i>Market networks:</i>	Approach employers directly, 33%; read help wanted advertisements, 23%; move to another city, 3%
<i>Public organization:</i>	Go to an employment bureau, 19%
<i>Anti-modern:</i>	Offer a payment to the manager, 1%
<i>Excluded:</i>	Don't know, 20%

Most unemployed Russians are thus able to proceed on a trial-and-error basis to search until they find a new job.

Another example of redundancy arises among individuals worried about thieves breaking into their house, and with some reason, since 30 percent have had friends burgled in the past year and 7 percent have had their own house burgled. When offered a list of six things that might be done to make a house safer, an overwhelming majority play safe, endorsing more than one measure. The median Russian endorses four of the following six actions.

<i>Informal networks:</i>	Make sure someone is usually in the house, 83%
<i>Anti-modern:</i>	Keep a fierce dog, 74%; have a knife or gun handy, 54%
<i>Public organization:</i>	Complain to police, 43%
<i>Market:</i>	Move some place safer to live, 20%
<i>Excluded:</i>	Nothing can be done, 2%

Multiple networks are instrumental in satisficing, that is, trying a number of different ways of getting something done until satisfaction is produced (Simon, 1997: 421ff). Health care provides a good illustration of a satisficing use of networks, since what is needed changes radically with the physical intensity of discomfort. In the past year, 42 percent of Russians had no need to invoke any health care network, since they had not felt ill. Of those who did feel ill at some point in time, a third did not think it necessary to visit a doctor, staying home and treating their aches with a home remedy. If medical treatment was required, seven-eighths say they would rely on state services, a clinic near their home or connected with their place of work. Only five percent said they would use connections to get a doctor, and three percent would pay for private treatment. Only one in eight of those who went to a doctor for treatment said that they had to make a side payment for this notionally free service.

However, when the level of dissatisfaction rises, few Russians accept the bureaucratic rule: Wait your turn. When asked what a person with a painful disease should do if a hospital says that treatment will not be available for some months, only one in six say nothing can be done. The most frequently cited tactic for queue jumping is anti-modern; using connections to get hospital treatment promptly is endorsed by 44 percent and offering a tip to officials by 23 percent. The proportion ready to buy a "free" service under the table is greater than the fifth who would turn to the market to buy private treatment legally. A begging personal appeal to officials was endorsed by 22 percent; it can be tried at no expense. The tactics endorsed are not mutually exclusive: a person in pain could proceed sequentially, first begging a hospital to speed things up, then turning to connections, and if that did not work offer a cash payment. Only if all three tactics failed would a person be left with the stark choice of waiting in pain or borrowing the cash to pay for expensive private treatment.

The great majority of Russians have a portfolio of social capital networks combining different types of resources (cf. Rose, 1993; 1998: 27). The most common portfolio appears to be defensive; a person tries a modern organization and, if this fails to produce satisfaction, falls back on informal social networks as a substitute. The portfolio is defensive inasmuch as it is a form of retreat or insulation from modern society. As long as do-it-yourself informal networks suffice a person need not be anxious about the shortcomings of the country's formal organizations. An enterprising person can combine modern market and anti-modern networks, getting some things done by buying them in the market, while achieving other goals by buying services of officials in government agencies or using connections. While most Russians do not have enough to rely solely on what money can buy, there is a middle class with a significant amount of disposable income; in 1998 a total of 37 percent reported having a video cassette recorder, a pre-eminent hard currency consumer durable. The use of connections is likely to be much influenced by coincidence: the occupations of relatives and relatives by marriage, neighbors, schoolmates who have gone diverse ways and so forth. Nearly everyone will have connections in some situations but not in others.

In an anti-modern society, vulnerability is greatest when the only network in an individual's portfolio is the entitlement of citizens to goods and services of public sector organizations, since these cannot be depended upon to deliver routinely. When organizations fail, the vulnerable are effectively pushed into the ranks of the socially excluded. The above indicates that social exclusion tends to be situation specific. The great majority of Russians do lack a network in a few situations, but very few Russians are consistently without any network to get things done. Across ten different situations, only 18 percent of Russians say that nothing can be done in a majority of situations and only four percent feel excluded in four-fifths of situations.

## HOW TYPICAL IS RUSSIA?

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Many Sovietologists argued the uniqueness of Russia (see e.g. Keenan, 1986), and cultural and path-determined theories of social capital stressed by Putnam (1993) and Inglehart (1997) imply that Russia ought to be unique. Insofar as this is the case, then the above evidence is of limited general significance. However, theories of command and of market economies and of democratization and undemocratic rule assume commonalities across cultures. The spread of the Communist system from Moscow made it relevant to upwards of 400 million people in Europe. Substantial elements of Marxism such as collectivist agriculture have appeared in 33 countries across Africa, Central America and Asia too. If China is included, the total population subject to Communist one-party rule and a non-market economy rises to 1.5 billion (cf. World Bank, 1996).

On the Freedom House (1998: 605) ranking of political regimes, Russia is in the middle, being classified as 'partly free' along with countries such as Brazil, Mexico and Sri Lanka. On measures of transitions toward a market economy, some place Russia as average or slightly above average, that is, between the post-Communist regimes of Central Europe and former Soviet regimes in Central Asia (Karatnycky et al., 1997: 7). More relevant here are international ratings on corruption: on the 1997 Transparency International rating of 52 countries, Russia ranks fourth highest in corruption (cf. Sachs and Pistor, 1997).

Generalizability from Russia can be examined with comparable data from the Centre for the Study of Public Policy nationwide sample surveys in Ukraine, the Czech Republic and the Republic of Korea (see Rose and Haerpfer, 1998; Shin and Rose, 1997). In each country a limited number of comparable questions were asked about getting things done in four situations: gaining admission to a university; getting a subsidized flat; securing a government permit; and obtaining prompt hospital treatment for a painful disease. Insofar as Russia is unique, responses should differ greatly from the other three countries. Insofar as responses reflect the experience of dictatorship, they should be similar in all four countries. Insofar as networks reflect the consequences of a command economy, then Russians, Ukrainians and Czechs should be similar and differ from Koreans. In addition, Koreans can claim uniqueness here because they have an Asian culture. Insofar as the pathologies of the Soviet experience are distinctive, then Russians and Ukrainians should differ from Czechs as well as Koreans.

Consistently, Russians and Ukrainians appear similar. In both societies the most frequently recommended tactic to get a flat, a government permit or prompt hospital treatment, is anti-modern, a cash payment to officials or using connections; for university admission it is the second most frequently mentioned tactic (Table 3). Few Russians and Ukrainians think that nothing can be done when formal organizations fail; four-fifths have some sort of network to invoke in every situation. Except for paying a tutor for a youth with exam difficulties, the market is of secondary importance in both Russia and Ukraine. People socialized in the former Soviet regime rarely see pleading with bureaucrats as useful.

**Table 3. Strategies in Response to Problems with Public Services**

	Strategy			
	Anti-modern connections	Personal	Market	Passive
<i>1. Getting into university without good enough grades</i>				
Russia	33	6	39	22
Ukraine	31	3	45	21
Czech Republic	7	2	72	18
Korea	3	2	37	57
<i>2. Actions to get a better flat when not entitled to publicly subsidized housing.</i>				
Russia	45	n.a.	30	25
Ukraine	34	10	28	27
Czech Republic	14	23	48	15
Korea	8	13	64	15
<i>3. Action if an official delays issuing a government permit</i>				
Russia	62	18	n.a.	20
Ukraine	61	18	n.a.	21
Czech Republic	35	46	n.a.	19
Korea	21	45	n.a.	34
<i>4. Getting treatment for a painful disease when hospital says one must wait for months</i>				
Russia	57	13	11	19
Ukraine	39	12	34	15
Czech Republic	24	31	31	14
Korea	(not applicable; no government health service)			

*Anti-modern:* Offer bribe, use connections, make up a story  
*Personal:* Write a letter of complaint, push officials to act.  
*Market:* Buy what you want legally; education: pay a tutor.  
*Passive:* Nothing can be done.

*Sources: New Korea Barometer 1997 (N: 1,117); New Democracies Barometer V 1998 (N: 1,017); Russia Social Capital survey 1998 (N: 1,908)*

The impact of the Soviet Union on Russians and Ukrainians is confirmed by their consistent differences from Czechs. Ex-Soviet citizens are four times more likely than Czechs to turn to anti-modern behaviour to get a youth into university; two to three times as likely to use corruption or connections to get a better flat; almost twice as likely to break the law if having trouble getting a government permit; and up to twice as likely to use anti-modern methods to get prompt hospital treatment. Nor is the distinctiveness of Czechs a consequence of passivity: Czechs tend to be less likely to think that nothing can be done than do ex-Soviet citizens. Big differences arise because Czechs are more likely to rely on the market or to personalize and plead with bureaucrats to expedite their demands. This suggests that the heirs of the Habsburg tradition, while often dilatory or obstructive, are not corrupt to the degree of ex-Soviet officials, an interpretation supported by the

relative superiority of the Czech Republic to Russia and Ukraine on Transparency International ratings.

Koreans are distinctive in being passive, saying nothing can be done about the actions of government officials. While education is highly valued, Koreans also accept decisions of university admissions officials; 57 percent think that nothing can be done to reverse refusal of admission. Similarly, 34 percent think that one must wait for a government permit to be issued and not break the law to expedite matters; at most Koreans advise writing a letter begging an official to take action. The absence of a European-style welfare state means that the operation of a public hospital system is not a concern of Koreans.

Instead of highlighting the distinctiveness of Asian values, Table 3 indicates that the Soviet experience is most likely to foster anti-modern social capital networks. The point is underscored by similarities between Koreans and Czechs being greater than between Czechs and former Soviet citizens. In the readiness to use anti-modern networks to get a flat, there is a difference of 31 percentage points between Czechs and Russians as against a 6 point difference with Koreans. There is a 26 percentage point difference between Czechs and Russians in readiness to use anti-modern networks to get a university place, and no significant difference between Czechs and Koreans. Similarly, there is a 27 point difference between Czechs and Russians in relying on anti-modern tactics when having difficulties in getting a government permit, and less than half that difference with Koreans.

The impact of the Soviet Union on social networks reflects the impact of mobilizational efforts under its totalitarian system (cf. Linz, 1975). A totalitarian society was full of organizations seeking to mobilize compliance with the regime's dictates. If anything, it was "over-organized", using bureaucratic commands and ideological coercion in efforts to make people do what the regime wanted. But it was simultaneously "under-bureaucratized", in that the rule of law did not apply and the system encouraged people to create informal networks as protection against the state and to circumvent or subvert its commands. Such a "dual society" of formal vs. informal networks was far more developed in the Soviet Union, where it had been in place for more than 70 years, than in the Czech Republic.

The significance of totalitarianism as against Asian values is underscored by evidence from Shi's (1997: 53, 268) "bottom up" picture of how Chinese people get things done, based on a survey in Beijing just before the Tiananmen Square massacre. Nine-tenths did not passively accept the directives of government. Instead, people formed networks to allocate goods and services to themselves rather than to others with whom they were in competition. The networks were not used to change laws, which was neither possible nor necessary, for most Chinese laws are vague (*ibid.*, 316 n23). Individuals used networks or *guanxi* to influence the implementation of central directives by "anti-modern" tactics familiar to students of the Soviet system (*ibid.*, 69, 121ff). The broad similarities of Chinese and Soviet behavior emphasize the impact of political context on the formation of social capital networks. A totalitarian or "post"-totalitarian legacy of mobilizational coercion encourages more persisting anti-modern behavior than a "normal" Korean-style dictatorship. All undemocratic regimes, even those that superficially appear modern, offer more incentives to retreat or subvert formal organizations than do the institutions of an established democracy and market economy.

## IMPLICATIONS FOR THEORY AND PRACTICE

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Understanding the significance of social capital requires attention to networks in specific situations. This is logical because the output of the network depends on the situation, for example, networks used to maintain health produce different outputs than networks that produce food or house repairs. The above evidence confirms Coleman's proposition that social capital networks differ greatly between situations.

There is no single numeraire or "silver bullet" formula making it possible to sum all forms of social capital into a single index number. To make "trust in people" a proxy indicator ignores the possibility that this trust may encourage informal networks used to substitute for or insulate against repressive or failing organizations of state and market. Nor can organizational memberships be used as a proxy of social capital networks, for national leaders may not be trusted to represent all their diverse members. For example, the Russian Social Capital survey found that while 53 percent of employees said that they were members of a trade union, less than half (that is, 22 percent of all workers) trusted their local union leader to look after their interests, and less than 11 percent trusted national union officials to look after their interests.

Paradoxically, it may be easier to measure social exclusion or non-participation in networks. But individuals should not be labelled as excluded or included on the basis of a single proxy indicator, such as income or education, nor should it even be assumed that exclusion is cumulative from one situation to another. The great majority of Russians appear to be "outside the loop" in some situations, but not in a majority of instances. Less than one percent claims to have a network for every situation, and only six percent claim to have tactics to get things done in all but one situation. Consistent lack of network resources is even rarer; less than one percent feels excluded from every situation, and little more than one percent from all situations but one. In addition to being situational, exclusion from effective networks may be a phase in the life cycle, for example, young people not yet having a steady job or elderly widows living alone with few interpersonal connections.

Organizational failure in Russia often reflects the combination of too many regulations - and too little adherence to bureaucratic norms. A surfeit of rules imposes delays and unresponsiveness as different public agencies must be consulted. Individuals must then invest an unreasonable amount of time in pleading and pushing against bureaucrats to compensate for organizational inefficiencies. If bureaucrats offer to waive obstructive regulation in return for a bribe, this delivers a service - but in an anti-modern way. The result is popular ambivalence about the rule of law. A total of 71 percent of Russians say that the national government is a long way from representing the idea of a law-governed state (pravovoye gosudarstvo). But if this were to come about, it would not be entirely welcome, for 62 percent of Russians think that laws are often very hard on ordinary people. Rather than being subject to the enforcement of harsh laws, 73 percent endorse the belief that harsh Russian laws can be softened by their nonenforcement (cf. Sajo, 1998).

The classic Schumpeterian solution to the failure of government to deliver as it should is to throw the rascals out at a general election and give the opposition a chance to show what it can do. The new Russian regime empowers the electorate to choose a president, and the Duma is an elected assembly, albeit lacking the capacity to hold the executive accountable. But what is to be done if a sequence of elections simply results in the "circulation of rascals", as one unpopular government is replaced by another that appears no better? At this point, a society has reached the limit of what elections can achieve (cf. Rose et al., 1998: chapter 10).

Where anti-modern practices are rampant, the immediate need is not to change the values and attitudes of the mass of the population; it is to change the way the country is governed. A first step is to reduce the number of regulations that create opportunities for rent-seeking by agencies allocating goods and services to favored connections or accepting bribes. A second step is for governors to change their behavior. The networks described above are not a consequence of popular demand but of what individuals have learned from trying to work the institutions of an "anti-modern" regime, in which officials at all levels, including elected officials, are implicated. If post-Communist governors want people to rely less on personalistic or anti-modern tactics, they should reform public sector organizations that reward individuals for using social capital against the modern state.



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