

Conflict Interaction Between Business and Authorities in Russia.

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Abstract. This paper deals with analysis of conflict interaction between business and power in Russia. The main purpose is to analyze features of the institutional environment of this conflict. Another purpose of the paper is to analyze several concepts of the conflict studies for their usefulness in examination of the relationship between business and authorities in post-Soviet Russia. The use of all the variety of existing approaches and methods while analyzing the Russian conflict model of business and state is supposed to be useful. Power resource is an important factor in the relations between business and authority in Russia. The existence of a power resource still has a serious impact on the resolution of disputes between the economic agents. Ties of the business and authority in Russia cause social distrust and negative attitude to both institutes. Conflict analysis in the paper is combined with empirical data to show real situation in Russia in the interaction between business and authorities.

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1. Introduction

For researchers engaged in the study of the political and social conflicts, of particular interest is an application of the conceptual and categorical apparatus of the conflict studies for the examination of the relationship between business and authorities in post-Soviet Russia. The modern Western capitalism formed by a long political struggle against the values of the medieval and feudal world is a result of the long development of free competition between the authorities and the bourgeois community. The Russian business emerged from the political will of the state and on the basis of state-based economy destruction. This creates a special type of labor and capital, the business and the authorities. An absence of free competition, which is not associated with an obvious apparatus-state protectionism, a force or criminal “mode of production” in many respects has its historical background. Opacity of the decision-making inherent to the system of relations between the business and the authorities makes it difficult to identify the real nature of the conflicts between them. Classical theories are unable to explain why the fundamental social institutions do not survive in the transforming Russia; and Western values and the ideals of business are not accepted by the masses. The latter in the Russian context acquire new forms that do not easily fit into any known samples. The relationship between the society, the business and the authorities has a specific structure. On the basis of general regularities and views the elite tries to put forward the concepts that are to describe in a new way the content and reasons for structural change of the business in Russia.

An identification and comparison of the positions, values, goals, problems, interests, and needs of the conflicting sides are the essence of the contemporary conflict analysis.

A perspective of the Russian transformation proposed in the paper – conflict of three forces: the society, the business and the authorities; allows interpreting them through the study of the activity of real sociopolitical subjects, which are guided by their interests and values, and are also independent in their actions of specific external and internal challenges, certain politico-economic and sociocultural conditions. The Russian reality replaces the socialization of business and its integration into the social relations, the clan system, and the corporate cohesion.

In this article we will shed light on some aspects of this theme. Mostly we are interested in the analytical problem not so much of the proof of the existence of conflict between the authorities and business, but rather a description of forms of its development, the mechanisms, and social consequences of its resolution. At the same time, we have to classify these conflicts, starting with its forms being acquired under the effect of the differences in trajectories of the “path dependence,” and the peculiarities of its political course, which was made by the most powerful political actors of Russia. In general, one must answer a few questions at once. What determines the institutional development of the conflicts of Russian business and the state? What are the behavioral strategies of business in the conflict with the state in conditions of the special institutional environment in Russia? What is the current system of

conflict relations similar to the greatest degree: patronage, force conflict, symbiosis, “network oligarchy?” Or should we talk about a quirky mix of the different models?

2. Materials and Methods

2.1. Conceptual Approaches to the Study of Conflict Interaction between Business and Authorities in Russia

Studying the conflicts of business and state in Russia makes the involvement of several conceptual approaches possible. Among them, the Ch. Tilly approach, which analyzes the development of democracy; the approaches of D. North, J. Wallis, and B. Weingast of social orders of the “natural state,” “limited access order,” “open access orders;” J. Nye concept of different forms of power, as well as the fashionable concept of the “new Russian feudalism,” focusing on the informal structures of patronage and clientalism (Tilly, 2007) Each of these approaches offers its view on the processes of management and settlement of conflicts. The use of all the variety of existing approaches and methods while analyzing the Russian conflict model of business and state is supposed to be useful.

Nye distinguishes three forms of power in relation to the politics and practice of international relations: a hard (the use of force or threat of its use; transformation of the market into a tool of policy), a soft (use of the means of propaganda and persuasion), and a smart (development of strategies to increase the effectiveness of both hard and soft power) (Nye, 2004). The concept of soft power is interesting not only for the study of external resources of the authority, but also for the discursive analysis of the communication tools in the conflict space. Despite the multi-layered semantic structure of the concept of soft power, and a variety of options for its patterns of interpretation, the fact of its rapid popularity indicates the implemented cognitive force for the technological analysis of conflict management. Hard power is associated with the external coercion of the conflict parties. Subjectively, it is taken as a power of the external forces that subjugates the will of the party of the conflict. Unlike hard power, soft power is not perceived by the parties of the conflict as a force which acts from the outside. Soft power is a power that is implemented in the form of a communicative influence when the behavior in the conflict, being dictated by the authority, is perceived by the recipient as a free and voluntary choice. A combination of the traditional power sources with communicative methodologies and practices of soft power can provide the mobility and flexibility of the modern institutions of conflict resolution. Hard power is the ability to coercion, due to superiority of the resources

or status. In contrast with a “hard” way of influence, soft power is the ability to obtain the desired based on the voluntary participation of the parties of the conflict in the process of conflict resolution, rather than coercion, fraud or bribery.

From the positions of the concept of soft power, there are different types of conflict styles of society. Its selection is primarily connected with the system of institutionalization of the conflict. The first type, avoiding acute outbreaks, provides “the both sides of the urgent opportunity for direct expression of the contradictory requirements,...to eliminate the source of discontent, ... to tackle the root causes of the internal divisions and to restore social cohesion” (Coser, 1991, p.23). This style using the concept of the American political philosopher Young can be called a “communicative democracy” (Young, 1993; Young, 2000). It distinguishes a negotiating democracy and a communicative democracy. In the negotiating democracy the communication is based on strictly argumentative discussion. A communicative democracy seeks to go beyond the purely argumentative discourse. Here, all communicative resources allow one another social groups to express their position and social experience is important. This communicative potential, whether it is hidden, deformed, or, on the contrary, has an open form, determines, in our interpretation, the conflicting styles of the society.

An opposite style of the “communicative gap” is connected with the suppression of conflicts, which is ensured by force, by the intervention of the authorities. This option of conflict resolution could mark the start of a spiral of the social destruction and a complete disintegration of the society. By Bauman the society is doomed to extinction and complete collapse of the social-normative system, if the death of traditional institutions is not compensated by new institutes of the informal communication and social control (Bauman, 2001). Such a conflict style Darendorf compared with malignancy, claiming that those who fail to regulate conflicts by their recognition create their own problem (Darendorf, 1969, p.140).

Iwasaki distinguishes three types of the interaction models of the state and business: an “order state,” a “punish state,” and a “rescue state” (Iwasaki, 2003).

In the “order state” business structures are under the strict centralized control, and mass privatization is not held (so one can doubt the existence of special models of the interaction between the state and business). Belarus, Turkmenistan and Uzbekistan can serve as example of such countries.

A “punish state” is limited to the maintenance of market institutions and does not interfere in the

mechanisms of corporations management, and shall not take measures to prevent bankruptcy also, which is typical for the Baltic countries.

And, finally, a “rescue state”, which grants to the economic entities the possibility to take decisions independently, but retains the right to interfere in certain situations, and to prevent bankruptcy of the enterprises. The state intervention is not limited by clear regulations and institutions; and leaves a great scope for corruption and lobbying.

Also, the work of Bychkova and Gelman, the Russian researchers who proposed the original typology of relations of the economic and political actors should be noted. They identified the following types of relations: a “predatory state,” “rent seeking,” and “state capture,” “laissez-faire,” “mutual hostages” (Bichkova and Gel'man, 2010).

In the “predatory state” bodies of the state authorities lose their motives for a constructive cooperation with business; the authorities control the main economic resources, autocratically implement the key decisions, carry out a policy of economic development, without the participation of the business groups; business structures are fragmented and cannot resist them.

A “rent seeking” and “state capture” – strong business structures have significant influence on the political decisions of the state power bodies.

“Laissez-faire” is characterized by mutual weakness of the business structures and the authorities not allowing the dominance of any party.

“Mutual hostages” – business and the authorities have an equal force and seek for a common ground of the interests, coexisting with each other.

There are several threshold conditions in the today's Russia for transition from the system of limited access to the system of open access, those that were formulated in the last works of North and his co-authors (North *et al.*, 2009):

- rule of law for the elite;
- term-less forms of organization for the elite (including the state);
- political control of violence.

The analysis of the research precepts allows distinguishing three main aspects of modeling the interaction of the business and the authorities based on the following set of classification criteria: the type of organizational design of business and an institutionalization degree of its relations with the authorities; the method and degree of legitimization of business in the society; the structure and the balancing of relations between business, authorities, and society. According to the given attributes the following modes of operation of the conflicting relations between business and authorities can be

singled out: “prescriptive,” “functional,” and “communicative.”

A “prescriptive” regime – the power takes the form of domination, to ensure the carrying out of orders and directives by the business (this space is often identified with cash means, resources, enabling power community to realize its own will). For the prescriptive regime an amorphous nature of business as a political subject, having impact on policymaking, is typical. The strategic management of property is executed by the dominant actor – the authorities and an ideological legitimization of the “equal distance” of business is carried out through the strict manipulative effect of the media.

Within the “functional” regime the authorities appear as the ability to implement the function of public control of the business, as a sociopolitical actor, who has a certain relationship. In the functional regime the business is partly autonomous; the system of “feedings” is developed. In the competitive struggle between business actors the administrative methods prevail, property rights are blurred by the power regulatory institutions and in the mechanisms of redistribution the power resources based on the legal norms are dominated.

The “communicative” regime implies that the authorities interact with business through communication, a set of rules that are understandable to both sides. Within this format business actors are independent from the authorities, influencing policy development through the formal mechanisms for lobbying and interacting with each other according to the laws of market competition. Property rights are well defined and fixed, redistribution processes are dominated by the economic and legal mechanisms.

The poor conditions of doing business in Russia have been a subject of quite numerous research works for a long time. (Puffer *et al.*, 1998; Kuznetsov and Kuznetsova, 2003; Hellman *et al.*, 2003; Yakovlev, 2006). An overview of the recent works is contained in the article by Ledeneva, in which she emphasizes that: “Essential for our understanding of the workings of Putin's sistema today are his findings of ambiguity around such entrepreneurial practices and a shifting boundary between legal and illegal economic activity” (Ledeneva, 2012).

It should be noted that in practice, there is always a combination of several kinds of these models and concepts; in other words, one should speak about the predominance of one or another model or concept of the interaction of business and authorities.

The Main Features of the Relationship between Business and Authorities in Russia

In Russia the institutions that ensure state monopoly of violence, in the conditions of system

conflict in Russian society, were the only organized power of sociopolitical order in the country. Providing redistribution of the property, financial, and administrative resources, the institutions of violence have become a substitute for the planned regulation of the economy losing its functional character, becoming a part of the political power.

The behavior of two subjects of the conflict of business and the authorities is dictated only by its own interests. The business always aims at maximizing the satisfaction of its interests and is able to achieve it under certain conditions. The authorities have advantages in relation with business and use it in the most effective manner, promoting its further strengthening. The presence of the strategic component in the conflict means that both the business and the authority use “structural distortions” and mutually promote its reproduction, thus reinforcing their positions in the future.

The authorities in the conflict, as a rule, change the structure of the choice of business so that the latter has benefits from the subordination to it. The ability of the authorities to leave the business no choice in the course of the conflict but to minimize missed opportunities is determined, among other things, by their interdependence.

Material capabilities and legitimacy of the political elite depend on the investment solutions of the business, allowing it to exert sometimes indirect impact on the politics. The government can prohibit some business activities, but may not order to perform its functions. If the government is pursuing a policy that seriously infringes the interests of the business, significantly limits its production autonomy, then, as a rule, this leads to the “investment strike” and an outflow of the capital.

The export of capital is, in particular, the reaction of entrepreneurs aimed at implementation of the interest of the protection and rescue of their profit. A significant decline in the investment leads to the negative social consequences; reduces support for the regime, undermining the legitimacy of the political elite. The narrowing of the tax base leads to the reduction of material and political opportunities of the state, refusal of realization of its social obligations. Thus, the policy which significantly restricts business interests may, like a boomerang, hit by its initiator, the ruling regime, undermining the material opportunities and legitimacy and increasing the likelihood of acute forms of the political conflicts.

The Russian specificity is, according to the Russian researcher, Akhiezer, that power is in constant fear of the fact that conflicts will cause uncontrollable destabilization and absorb the country (Il'yin, 1996). This danger is suppressed by the invasion of the state in conflicts at lower levels and

by the creation of special bodies of control and repression. Russian society is not yet in a position to turn a lot of conflict into a stimulus for the development of dialogue. The participants of the conflict in turn appear to use the state in the conflict against each other, thereby corrupting the conflict. The Russian authorities are overburdened with unmanageable conflicts. It does not solve and cannot cope with conflicts, always busy with its non-admission to the politics. The imitation of conflict management institutions in Russia allows the ruling elite to maintain the regime, simultaneously increasing degradation of society and authorities.

Thus, the state is an organizing element of the institutional structures or institutional environment of the Russian business. In this regard it is necessary to describe the phenomenon of “power-property,” which describes the situation when power and dominance, access to the resources, are not based on private property as such, but on a high position in the traditional hierarchy and prestige (Service, 1975; Fried, 1967).

It is the dominance of the institute of power-property in many ways that is the most important characteristic of the Russian political and economic system. This institute is explicitly ineffective compared to public, private, or individualized property. Often the causes of such a development could be found in sociocultural specificities of the country, which seizes a complete private property market system. However, it is more correct to talk about that kind of societal development, in which the state (the authorities) plays a central role in shaping the economic, political, and social relations. Power-property – is such an order, when the political leadership gives an inalienable right to dispose of the property and the property organically implies an existence of the political authority. The welfare of the political elite depends on the place and position in the hierarchy of state power, and not from the inherited and acquired property. Thus, in Russia there is a conflict not just of power and property, but of two institutional systems of the ownership: “power-property” and private property. The specificity of this conflict is that the elements of one system are present in the structure of the other. If the deriving of private benefits of control over state property by the officials is typical for many political regimes, the deriving of officials’ benefits of control over private business is the hallmark of Russia.

The role of the Russian state has always gone beyond the regulation of terms and conditions of doing business. The main goal always was the regulation of access to the scarce resources. A system task of the transformation of the territorial and social space into the space of power, controlled and

managed, required providing the funds to respond the threatening events to Russian statehood. Hence, a specific form of the “state-warehouse” is deriving. This concept can be seen as a way of the observation and description of the Russian society, as the resource-distribution “lens” of the Russian politics, which characterizes the inability of the population to dispose of the resources independently and an attitude of the entrepreneurs to the power not only as to the manager, but as to the “great Master”.

In this system of coordinates everything is defined by the relationship of “patron-client”; informal rules and laws are more important than the formal ones; and a branched extensive network of acquaintances, including both entrepreneurs and the politicians penetrate all formal institutions being the most powerful collective actors. The main domination of the business strategy and the criterion of successful entrepreneurship in Russia is a takeover of another's property, not its creation and effective management. For the successful conduct of their business the entrepreneurs in Russia should first be able to get along with the authorities, to establish contacts with the officials, but not to have a good understanding of the strategic marketing and management. The entrepreneur, who controls a considerable material and financial resources, realizes that the future of his business directly depends on good relations with the current government. He understands that even unbiased coverage of the actions of the opposition of owned media affects the relationship. A demonstrative “Yukos affair” has forced the bulk of the Russian entrepreneurs to abandon the idea that they can challenge the system without risking being expelled from the country and losing their wealth.

Analyzing the conflicts of the state and business, it is necessary to dwell on the concept of “new Russian feudalism.” It is presented in the research work of Shlapentokh in the most comprehensive manner. Following the traditions of universalism in the analysis of conflicts in the society, he argues that: “The liberal and authoritarian (or in some cases totalitarian) models, in their various forms, have failed to fully explain the social, political, and economic changes in post-Soviet countries. While these two models remain relevant for the analysis of Russian society, they need to be used in conjunction with a third model, the feudal model, which on its own is probably able to describe more elements of post-Soviet society than the other two” (Shlapentokh, 2007, pp.183-184). Drawing a parallel between the contemporary Russian political and social system and the early European feudalism, Shlapentokh notes that for Russia, which is, due to the various conflicts, not capable to give the force of

law and order, the following features are characteristic:

- the boundaries between public and private spheres are blurred, or they do not exist;
- power and property are so intertwined that it is often impossible to separate them from each other;
- like medieval barons, Russian bureaucrats at all levels of the hierarchy use their political power to control property, while the rich exchange money for the power to control the political decisions;
- personal relations play a greater role than the networks based on formal position of people in the political, social, and economic structures;
- the most powerful people in the country are not public figures, who were elected, but close friends of the President.

A “crony capitalism” in Russia, is constructed mainly around the export of mineral resources (oil, gas, ferrous, and non-ferrous metals), control over energy and money of the state budget. According to the calculations made by the Russian economists, 84% of the largest companies are engaged in the extraction of mineral resources and processing of raw materials. Only eight of the largest companies (16%) are employed in other industries, and five of which produce cars that are not competitive on the international markets and are kept afloat only due to high import duties and other forms of state protectionism (Braguinsky and Yavlinsky, 2000). Control of these sectors of the economy is also the source of the activities of the political organizations and mass media.

The role of the informal and personal relations in the economics and politics, gives grounds to characterize the Russian political and economic system as “crony capitalism.” In our opinion, its main features are:

- systems of conflicts between closed groups of businessmen and politicians, officials of law enforcement bodies, united by common business interests and informal relationship.
- informal norms and rules of behavior in conflict play a greater role than the formal laws; and the violation of the former is punished much more severely than of the latter;
- regulation of conflicts in the business sphere is put into effect with force methods (e.g. inspections by the controlling authorities, criminal cases, refusal to license);
- an unconditional loyalty to the group and hostility toward non-members clan.

Cronyism is a way of settling private and social conflicts, carried out not in accordance with formal rules and laws, but with informal norms. Within the

“clan conflicts” the decisions made can both conform to the law in form and contradict it.

Consider the situation in Russia today in terms of given threshold conditions. So, according to a recent study, the subjects of 80% of criminal cases brought to court are unemployed. Every third of them gets real imprisonment and is sent to prison. In contrast, Russian judges are much more tolerant of civil servants and only 11.8% of all convicted officials are sentenced to real punishment. The author of the research, one of the most famous Russian contemporary sociologists, Volkov, came to the conclusion that status slopes are clearly expressed in the Russian courts, and in the sphere of criminal justice the conflict between bureaucracy and business is reflected. Criminal justice in Russia works particularly against marginalized elements and the representatives of business. Unemployed persons (32.8%) are imprisoned, while the share of the imprisoned civil servants is 11.8% and the share of top-managers is 13.8%, respectively. The groups which belong to the state have strong privileges in the courts. The chances of acquittal on all counts of the law enforcement agencies employees is 18% higher than that of the marginal, and on grave crimes - 5% higher. An average sentence of the state officials is 4 years, while for the entrepreneurs it is 4.7 years, and for the top managers - 4.6 years. The real prison term is given to the civil servants two times less than that to all of the defendants together. High-status group of the entrepreneurs usually accused of a *fraud*, is discriminated and it is given on average three to four months longer than the representatives of the other social groups for the same offense (Volkov, 2013).

Power resource is an important factor in the relations between business and authority. The existence of a power resource still has a serious impact on the resolution of disputes between the economic agents. The rights and privileges of the elite groups depend on the position in the dominant coalition. A loss of political influence turns out not only to the deprivation of access to the distributed resources, and a loss of property sometimes leads to imprisonment. Real elite factions are not institutionalized. The attempts of business to institutionalize its influence can be dangerous, as exemplified by the fate of Mikhail Khodorkovsky.

The power, interfering in almost all of the conflict institutions, breaks a complex relationship between the actors in the conflict, suppressing the sources of self-development. Simultaneously, the social field of the conflicts, complex forms of their regulation, is reduced to the aggregation of the particular conflict with its various and often closed and informal rules of the settlement. Such actions often cause new conflicts and sometimes even result

in fatal consequences for the actors. The political significance of the business is determined neither by the production or perfectness of its achievements nor by the participation in the representation of values of the society, but by the affiliation with one or another group of the officials. Having the most important strategic potential the business in Russia has not or simulates its political ambitions and often is directly included in the structures of power.

It is important to note that the bulk of Russia's small and medium businesses working in the real sector of the economy and oriented mainly on the satisfaction of needs of the population, was practically eliminated from the system of relations with the authorities. Property rights in such circumstances were guaranteed only to the owners of the assets that were in close personal relations with the government officials, having received a share of income in the business structures, whose stability they provided. An orientation on the external commodity consumer and not on the products, services, goods, necessary for the society in everyday life refers to the objective interest of the authorities in a weak and subordinate business. An evolution of the relations between business and the authorities in Russia resulted in obtaining the share of rents by a small number of power structures at the expense of manual management and mutual control based on the principle of “mutual hostages.” Such a system could not but result in the concentration of property, a hypertrophied strengthening of the informal mechanisms of coordination of business and government interests that reduces the likelihood of success of market reforms and effectiveness of economic policy.

2.2. Business and Society in Russia Today

Ties of the business and authority in Russia cause social distrust and negative attitude to both institutes. And a huge gap in incomes determines social tension. The business in Russia is organized as a conversion of the financial resources obtained from the budget, with its further investment into the foreign assets. It holds the leading position in the world in buying real estate in the European capitals (according to some estimates, the share of the Russians among the buyers of elite housing on the French Riviera is 12%). Also business in Russia represents the conversion of budgetary resources into the state's resources, a ruling status, civil offices; access to the distribution of other resources, participation in the political administration of the state. An informal large-scale system of conversion of the resources of different types was formed in Russia (see Table 1). Thus, the “elite” Russian layer is fragmented into groups which are involved in the “conflict of access” to the resources and super

profitable business. They are focused on the creation of raw material and communicational hyper-

monopolies, which are the most readily available technology for control by the authorities.

Table 1. System of resources conversion in Russia

Different types of resources	Administrative and political	Economical	Power resource
Administrative and political	X	Nomenclature entrepreneurship, creation of hothouse conditions for their businesses and obstacle for competitors, kickbacks	Organization of force acts by law enforcement officials against the competitors
Economical	Bribes, buying offices	X	Payment of force acts against the competitors
Power resource	Power seizure of offices, assassinations of officials	Power enterprise, power seizure of assets, contract killings of businessmen	X

Source: Kosals L (2006) Crony capitalism in Russia. *Neprikosnovennii zapas* 6 (50). Available at: <http://magazines.russ.ru/nz/2006/50/ko17.html> (accessed 10 October 2013). (In Russian).

The analytical report of the Institute of Sociology of RAS records that about 70% of respondents believe that the purpose of transformation of Russia economy was not in overcoming the economic crisis, but in the interests of both the reformers and public groups behind them aspiring to repartition of the former socialist property in their favor (Institute of Sociology by the RAS, 2011). The true purpose of the reforms was the seizure of power by the second echelon of the Soviet nomenklatura and the redistribution of public property in its favor. This is the opinion of 69% of the respondents.

Another fact about the development of the Russian economy deals with the level and quality of life in Russia. On the data, cited by Gilinskiy, 13.4% of the population in Russia live in destitution with income below \$110 per month. In extreme poverty with the income from \$110 up to \$250 live 27.8% of population (Gilinskii, 2011). In poverty – 38.8% of population with the income from \$250 up to \$560. The poor has its rich, it is 10.9% of the Russians with incomes from \$560 to \$830. At the level of middle-income lives 7.3% of population with income rates from \$830 to \$1700, and wealthy citizens with income from \$1700 to \$2500, whose share amounts to 1.1%. Total: 41.2% of the beggars, 49.7% of the poor (beggars and poor – 90.9%), 8.4% – wealthy and, obviously, 0.7% of rich. For comparison – income of board member of the state-owned monopoly “Gazprom” is \$193,000 per month (excluding annual and other bonuses). The salary of the highest officials in Russia in a 10.2 – 21.3 times (for the heads of the law enforcement institutions) exceeds the average income of the country. In the UK the figure is 6.4 times, in Germany – 7.1 times, in the United States – 5.17 time, in Norway – 3.7, in France – 4.68. The research work of Peters shows that such

gaps between average salaries of citizens and their high-ranking rulers are characteristic for the most backward countries in Africa and the authoritarian regimes in Latin America (Peters, 2009).

The gap is huge and can result in conflict split. Seventy-three percent of respondents believe that over the past ten years the gap between the rich and the poor has been increased; 52% believe that among the country's leadership there are more thieves and corrupt than in the 1990s (Shevcova, 2011).

Guriev estimates that 30 Russian oligarchs are the employers for 42% of the Russian population, while the Federal government in the same groups of production – only for 15% (Guriev and Rachinsky, 2005). According to the evaluation of Ruthland, about 20 private companies, controlled by only 37 businessmen, produce almost a third of Russia's GDP (Ruthland, 2008, p.1055). According to other estimations, in Russia 1% of the richest persons gather 40% of the total national income. For comparison: even in the United States the same 1% of the richest ones gather only 8% of all revenues (Shkaratan, 2011).

Strictly speaking, the polarization in Russia on the very rich and powerful minority which is “included in the distribution of the pie” and the very poor and powerless majority of the “excluded,” using the terminology of Bauman “a wasted life,” not needed for the modern society creates a fertile ground for the populist redistribution policy (Bauman, 2004). This again creates a system conflict of at least two subcultures, preserving the basic features of Russian living conditions. To the first group (“included”) can be attributed only 2% of the population with extremely high incomes and a layer which “serves” them (a generalized middle class) constituting together about 20% of the Russian families. They depend largely on the state and less likely to rely on

the civil society. We must remember that modern Russian society is characterized by a discrete structure; discontinuity of the coordination of cooperation and conflict; social-cultural, existential and ethnic alienation between the upper and lower ranks of the society. The Russian conflicts are of system-paralyzing character and so complex that the syndrome of the “Gordian knot” occurs that is easier to cut than to untangle.

Russia has vertical, organized on patron-client relations cliques, which control the key industries of the economy and the key institutions. A system of use of the institutional resources of violence “removes” the conflict, forcing other social groups to the recognition of narrow partisan or separate institutional, departmental, and even corporate interests as state and national interests “of the whole.”

We can assume that strengthening of the power vertical has led to the system of acute conflict form of allocation of the resources between public corporations, ministries, regions and private business controlled by members of the ruling coalition. Thus, the more unevenly scarce resources are distributed in the system, the deeper the conflict of interests between the dominant and subordinate segments of the system. Depth awareness of the disadvantaged groups on their interests leads to the question of legality and justice of the currently existing forms of the distribution of scarce resources. The more the subordinate groups are aware of their interests and its violation, the more likely it is that they will have to join together in open conflict with the dominant groups in the system. Social energy is aggravated to the antagonistic conflicts in the areas of symbolic wars, social networks, in everyday life.

3. Conclusions

A specific design of the conflicts of the Russian business and the authorities is contained in a significantly greater extent of the transformational rent, an acute struggle for its capture, and a significant role of the federal center in the distribution of rent.

Specific features of the Russian model of conflict between business and the authorities include:

- absence of the common rules of the competitive market game;
- selective law enforcement practice in relation to the different economic entities;
- inadequate role of the power structures in the relations of economic entities;
- high degree of the political influence on the current production, financial, and investment activities of the enterprises.

A list of the techniques used in the relations between the business and the authorities which are provoking new conflicts are the following:

- receiving of the state orders, subsidies with the violation of the competition terms, the use of the governmental pressure when selecting suppliers or customers;
- use of the public resources (financial, power, intellectual, judicial) for the development of an “equally closed” business, protectionism, and creation of the artificial monopolies;
- granting of tax or other privileges;
- selective application of the law in violation of economic legislation, artificial bankruptcy for the redistribution of property;
- insider informational support of the upcoming innovations, including the proactive ones;
- elimination of the competitors using law enforcement agencies.

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