

Agency & development in Russia

Using opportunities in a local context

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After the dramatic transformation and collapse of economic structures in the early 1990s, all progress in the Russian countryside and small towns seemed to come to a standstill. Society was frozen in a state of collapsed economy and abandoned former production sites, where one could see ruins of buildings which were under construction in the 1980s and never finished, sport fields which could no longer be used in their original function – sad memories of the Soviet empire. In metropolises and central parts of regional capital cities, the modern market economy was already progressing and state funds were used to polish their appearance. In the countryside nothing similar happened; agriculture was not taken into the hands of farming families after the *sovkhoses* collapsed, buildings were not renovated, roads not reconstructed, and garbage was not collected and transported out of villages and towns. Several municipal leaders and local experts were asked for their explanation for this situation as part of the Ladoga Initiative project in 2012.² Passivity was recognized by many interviewees to be general in the countryside and some of them gave as the reason the ‘kolkhoz mentality’³ or ‘consumerist attitude’ among the rural population: “The majority of the population occupies the consumerist position: if we have a government, it should provide us with this or that in our district.”⁴ However, at that time signs of change were also noted in rural areas and small towns: new buildings, new-born children, modern guest houses and cafés.

The aim of this article is to list and analyze different types

of local action in the light of case studies in four regions in Russia. Our focus is a part of the wider question of the role of people at the local level in social change. We examine whether ongoing local activity is leading to local and wider development in Russia. For this purpose we divided action types into two main categories: Coping with everyday problems is aiming to survive from one day to another, while strategic agency is attempting to change the situation in qualitative sense. On the basis of our material we later added the third category to describe activity which does not lead to any direct personal benefits but facilitates the emergence of common goods such as meeting places and sport fields, among others.

The writers of this article have studied local development in Russia since early 2000, and since 2012 have started explicitly to analyze different actions of local people aiming to improve their lives. In some places we have followed the development systematically every year and in other places less frequently. We hope to identify such tendencies that could increase our understanding

of what the situation might look like for a large section of the Russian population.

In order to understand what is happening now in Russia, one important starting point is to identify the basic nature of Soviet economic system. It has been defined by Kornai and Davis as “economics of shortage”,⁵ with dramatic differences between priority and non-priority industries⁶ and these features still seem to have a strong impact in Russia after socialism.⁷ Also, the writers find the institutional approach useful as developed

abstract

The writers study the effects of agency in relation to the institutional structure in Russia. Different types of action in Russia aim at reaching better livelihoods and living conditions. The study is based on qualitative interviews in small towns and villages in four Russian regions. Actions by local inhabitants, organizations and local administrations are studied. Action types are divided into three main categories: Coping with everyday problems aims to survive from one day to another, while strategic agency is an attempt to change the situation in the qualitative sense. Thirdly, action may facilitate collaboration within the local community. All three types are based on individual initiatives and capacity as well as on different political programs. The relation between agency and local development is discussed. Interpretations of development are connected by qualities like emancipation and empowerment of individuals, generalized trust and social capital, as well as equity and democracy.

KEY WORDS: Russia, other Russia, agency, local development, TOS.

Table 1: Examples of different types of action in Russia in the 2010s

With whom?	Coping	Facilitative Action	Strategic Agency
Individually and with family	Plot farming Taking extra job		Education Entrepreneurship Migration work
Informal groups and voluntary organisations	Borrow from a neighbor	Foster family club Cultural house	Entrepreneurs' club
State	Getting support from social worker	Funding for building a village house	Program for young specialists Foster family program

by Douglass North⁸ and others, differentiating between formal and informal institutions. However, the question of agency is partly open in this approach. Amartya Sen's⁹ (1984) capability approach, originally worked out in studies about developing countries, is helpful in this respect.

Local society and "other Russia"

Russian local society is the object of centralized state and top-down planning and control by authorities. It is also a recipient of the patriarchal cultural heritage, the successor to the patriarchal society¹⁰ of the past. The centralized structure of society has often left local people facing a deficit in relation to their basic material needs, which is precisely the reason why the local population has been forced to act locally from time to time to solve urgent problems of livelihood. However, formal civic organizations have been under pressure before, during and after socialism and therefore networking in Russia is based less on formal associations and more on personal relations than in Western Europe.

Today, local authorities in Russia bear an increased responsibility for job creation and survival at the local level. This is one effect of Russian reforms and has been supported by a new law on local government from 2006 and various national programs for local development. In effect this also means that it is now up to the local level to find their own ways to deal with problems of development. The local measures are developed against the background of socio-economic change. The present paper is based on material from Northern and Central Russia and aims to highlight some development trends in these regions, first and foremost in "other Russia". "Other Russia" refers to: society outside of political or business elites and high priority sectors of economy, such as energy production, international relations and the defense industry.¹¹ Economically, the local societies studied are dependent in different ways on local resources. Culturally people are excluded from high politics and national decision-making on distribution or redistribution of the nation's economic resources. Many of them experience the feeling of being an outsider and a lack of interest in politics. This research also studies otherness in the context of transition. "Other Rus-

sia" refers to local people in low-priority sectors, having to adapt themselves in the transition process.

Therefore, although the places studied offer little access to profits from priority branches, these are places with a relatively high level of freedom in terms of interference from the central level: 'You just have to be active and try, and try again, not to let bureaucracy get you down'.¹² Sometimes decentralization without allocation of resources from the central level is referred to as centralization, therefore in fact arguing that local space has diminished. In the present paper we pay attention to the opposite tendencies. There are now new possibilities for individuals and local firms thanks to an access to resources, along with central funds for local development and social programmes, to which the local level can apply for resources. We will argue that from time to time a space for development opens up. Specifically, the aim is here to analyze possible strategies at the local level to benefit from such openings and to raise the quality of everyday life in other Russia.

The situation in local societies in 2002–2009 was characterized by job losses and outmigration of the younger generation. Governmental subsidies to rural areas were inadequate and local authorities did not have the resources to support local development. Few civic associations were found at local level (female clubs being most remarkable exception), and few individual people were socially active. Changes to local governance were under way and have been implemented since 2006.

New local governance seemed to contribute to the changing situation. Another part of the picture are the state programs, as described later in this text. We noticed during our field trips after 2010 that the degree of activity by local administrations and their subordinate levels varied considerably. In some administrations, activity was rather low, while others were trying to take part in as many programs as possible. One community leader calculated that they take part in 54 programs.¹³

Actors in local administration have different backgrounds. In one urban village the former head of police was in charge. He was able to mobilize local entrepreneurs to contribute the required materials for renovating local roads, for repairing the roofs on the house of culture, for the construction of two ponds and for the building of new private houses.¹⁴ In some other places women in administrative positions, with skills to write applications, created new possibilities.¹⁵ There was also a difference between communities in terms of their experiences of external support and participation in international projects.

The Russian state's active role in social welfare

At the end of the 2000s, the Russian Federal State started a large-scale program to reform social structures, called "National Priority Program", or "Presidential Program." The program has been implemented since 2007 and is composed of four main areas: health, housing, education and agriculture. Many parts of the program concern the countryside and small towns. The worrying health situation and decreased life expectancy (in 1990–2002, from 68 to 59 years for men), the need for new and



A new school bus, financed from presidential programme, a village in Archangelsk oblast.



Village road in Archangelsk oblast.

repaired houses as well as the school system, teachers' living conditions, children's school transportation etc. were addressed by state's new initiative. Even if agricultural programs were developed mainly for large-scale agriculture, they also included support for small farming and included opportunities to improve socio-economic conditions in rural communities.

These programs have a large number of sub-programs, such as "Sustainable development programs of rural areas" (2008–2013 and 2014–2020) and "Social development of rural communities till 2013".¹⁶ Some more concrete examples of tasks in these umbrella programs are: to encourage non-agricultural activities in rural areas; to improve housing conditions for people living in rural areas, including young families and young specialists; to develop social and technical infrastructure; to arrange pilot projects; and to grant support for initiatives to ameliorate living conditions.

Funds are promised, among others, to local needs. The question of implementation remains: to what extent do these plans really have an impact at local level.

Gathering local experiences of getting out of poverty

The empirical data of this article is based mainly on interviews made 2012–2014 in villages and small towns in four Russian regions. A total of 151 semi-structured interviews were recorded, while another 27 semi-structured interviews were unrecorded during eleven separate field trips. The original purpose and course of interviews varies slightly, because they are connected to one of two different projects. One set of interviews (45 recorded and 20 unrecorded interviews) is connected to monitoring of long-term results of a development project by the Swedish International Development Agency (SIDA) in the Archangelsk oblast' (region) in the early 2000s. Another set of interviews (43 recorded and seven unrecorded interviews) was made to test the results of a rural policy experiment: the Ladoga Initiative in the Republic of Karelia and Leningrad oblast' (region) 2011-13. The main set of interviews focused explicitly on local experiences of

getting out of poverty; the data was collected first and foremost from Nizhnii Novgorod oblast' (63 interviews) but also in the course of interviews in other regions.

Interviewed persons were chosen, with the exception of Ladoga Initiative, applying the snowball method, firstly on the basis of professions (civil servants, entrepreneurs, local administrators) and recommendations concerning active persons or such persons who might be able to inform about local development, as well as persons working in jobs where they assist others in one way or another. In addition to this data, our earlier data from 2002–2011 and the newest data from March 2015 also give background for our considerations. Observation and informal discussions are also used in all regions. In Karelia, focus group meetings were a part of the field research.

To study this question, the following section shows a typology of local action, after which the results from the field research are presented. Then, action targeted to getting out of poverty is analyzed in Nizhnii Novgorod oblast'.

Typology of action: copying and solving

The data collected shows three main types of action which local people take, each type with different consequences for their personal well-being and for local development. The two main types of action are coping and (strategic) agency. In principle, coping is a reaction to every-day difficulties, the consequences of poverty, by low-income people who are trying to overcome their daily difficulties but have no prospect of escaping their situation. Agency refers here to activity which is at least trying to find a permanent solution for daily troubles, to raise incomes and/or reach a better life quality.

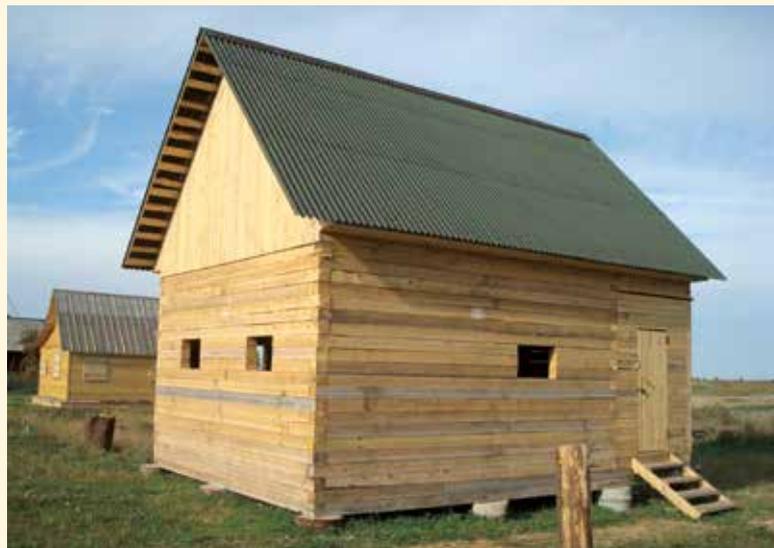
In the Table 1 a third possibility is also marked, which contributes but does not give a direct solution to the actors' situation. Facilitating communication and collaboration, e.g. through the creation of common meeting places, refers to action which produces social capital, or which creates favorable circumstances for producing social capital. This type of action may increase

future opportunities for strategic agency. Taking an example from infrastructure, when a village community builds a cultural club, the inhabitants get a public space to meet each other, to communicate and to get advice from each other for individual efforts, as well as an opportunity to work together to plan some joint efforts to improve their lives. The same space might be used to arrange training courses, to assist some of them to find ways out of poverty.

For individuals, the most common strategies of agency are studying, starting a business and changing work. Studying is typically a next-generation plan: Parents and grandparents in Russia do often much to arrange an opportunity to study for their children and grandchildren. Establishing enterprises has been difficult, but possible, for some individuals. When successful, it puts an end to the family's poverty. The Russian labor market still follows the old Soviet track of relatively safe jobs and low salaries.¹⁷ In priority industries and in Moscow or other metropolises much higher salaries are possible, making *vakhtovy* method, a period of high-salary work away from the home settlement, a common method of raising material living standards. State programs can be used for agency among others by teachers, who may get generous assistance towards arranging housing in rural settlements and small towns after their academic studies. The third form of strategic agency is networking and collaborating. A new form of this agency is to establish a local TOS, which we will return to later. In the following we take a look at the effects of the SIDA and Ladoga Initiative local development projects.

Enterprises as outcome of the SIDA project from 2002

The Swedish International Development Agency, SIDA, implemented a development program in three communities in Archangelsk oblast' in early 2000s.¹⁸ The goal for this project was to help individuals to start their own businesses in a local context in Russia. 15 persons took part in this project, which involved education in business development, including assistance in developing business plans in 2001, law, and a study visit to Sweden, where they visited individual entrepreneurs within the same business sphere. This project gave training for local people to start an enterprise and also included a many-sided information exchange on regional level. An outcome of the project was that some individuals succeeded in starting small enterprises.¹⁹ In 2014, three of the women were still running their businesses, although two of them in their daughter's name. One of the men, who had been able to set up a Swedish-Russian timber-cutting firm in 2003, was out of business in 2008 but back again in 2012. Some of the others who had tried were running their businesses without being registered. Others could use their experiences in administrative positions and, naturally, some others did not succeed. Three of the women had engaged in local politics, of whom in 2014, one was a vice-mayor in one of the communities and another was a head of administration at the lowest political level in another community. A longitudinal follow-up study gave evidence of the importance of Soviet experiences for local women as a kind of school for entrepreneurial capacities to work



The building of a guest house, an example of TOS-project in a small village in Archangelsk oblast.

in non-priority industries like tourism, food production and the garment industry.²⁰

SIDA's project clearly demonstrated that local agency is possible in Russia, even in a small, peripheral community, and that there are local people who are willing to catch the opportunities when they get access to the know-how and small resources needed to start their activity. Small seeds in the sand have in some places led to further flourishing in the local sphere in mutually enforcing processes of development. The project had another, unexpected consequence, namely, it was the spark that started TOS activities in the Archangelsk region.²¹

Active civil society during the LADOGA initiative 2011–2013

A Finnish university department, Ruralia Institute, ran a project with Russian partners in Ladoga area 2011–2013. The project was part of the EU's "Neighborhood Program" (ENPI) and was funded by the EU and Russia. The project aimed to experiment with the LEADER approach. LEADER is European Union's main means of rural development. It is ideally based on local bottom-up initiatives, which are supported in their development into small-scale projects. This process is steered by setting up a local development program: the priorities of each program are settled in village meetings and put together by a district level LAG (Local action group). For the Ladoga Initiative a Local Initiative Group (LIG) represented the local rural population and its composition followed the partnership principle. Partners were from administration, entrepreneurs, and local people and their groups or NGOs.²²

The projects got minor funding for material needs, and nothing for salaries. Funds were directed during 2012 to 30 local projects, contributing some or all of the finance required to build or renovate seven children's playgrounds, three sport



A new playground, built by a TOS group, central village of rural community in Archangelsk oblast.

fields, a village sauna, a museum roof, and two club houses. Some projects organised cultural events and the collection of local historical memories, and also developed a brand for local handicraft makers.

As mentioned, some Russians we interviewed believed in the passivity of local population as one of the reasons of weak rural development. Western scholars and opinion leaders, on the other hand, tend to underline the weakly developed civil society in Russia, which is often indicated by the low number of NGOs.²³

In this project, however, the local civil society worked well during project activities. A good number of active people were found to lead the mini projects, as well as many more participants to plan and work on voluntary basis to implement them. The most active persons were school and kindergarten teachers and cultural workers. Participants were more often women than men, and partners for projects were found both among local entrepreneurs and in the local administration.²⁴

Independently of the project plan, the funding became a problem when EU and Russian book-keeping practices did not fit together. The projects reacted to the problem in varying ways; some were stopped until the solution was found, others prepared to finalize the project rapidly after funding and some even organized the work and collected small cash funds from the local population. In this group was a children's playground, where volunteers cleared the playground on Saturdays and made play equipment for children from trees and rubber wheels. The coordinator told us that in Russia, they are used to problems with funding.²⁵ In this case civil society was strong, even if not permanently organized. In another case, an ice skating area was built in a small town by the local school. Funding only covered part of the cost; the other part was received through volunteer work. Interviewed activists stated that they were surprised that funding came from EU; later they applied more funding from the Russian

authorities. According to the project leader, the project led to a sense of empowerment, increased self-confidence and activation of the people involved. A year later, many plans around this skating area were implemented and lively sporting activity seems to be emerging in the area.²⁶

Effects on entrepreneurship, social capital and integration

In the EU and SIDA projects bottom-up activity had a strategic role. Local activists made proposals for the projects; they also ran the local projects themselves. They negotiated with municipal and district authorities on the rights to use certain areas for playground or sports field, or which building they could rent for the purposes in question.

The main priority of SIDA's project was to improve livelihood among others by creating entrepreneurship; one LEADER mini-project also supported the local entrepreneur (hair salon). In four cases out of fifteen, the entrepreneurs succeeded in making the breakthrough and the side-effects on the local environment were clearly positive.

Some of those involved in the SIDA-project contributed to local development by helping others to start their own businesses or in other ways, promoting an improved quality of life through activities at the House of Culture and the like.

Most Ladoga-projects created common goods. Children's playgrounds and sport fields and the renovation of cultural clubs and museums create public space. It is an important common good which facilitates face to face communication, leading in positive cases into increased trust and social capital among local inhabitants and potentially producing empowerment on individual level. Also, negative aspects emerged – like breaking the play equipment – and the overall outcome depends on how successfully such behavior is handled and corrected.

Several projects worked on identity. Grandchildren gathered their grandmothers' memories; a symbol for local producers were developed; the local museum's roof was renovated. And of course sports fields support identity formation. A sense of local identity is an important antidote to frustration when outmigration and unemployment have been part of every-day life for years. It may also support processes of empowerment.

Russian development policy and federal state funding

Russian Federal funding has been flowing down to local level in several ways. Over a period of more than five years, building activity has experienced a boost in many small localities, including family houses and larger buildings for veterans and workers. A lot of new houses have been finished, and still more renovations are under way. Also, building areas on e.g. former state farm land is being planned. Roads and sidewalks are being repaired; schools and cultural houses are getting their share of increased state funding.

Some social policy programs have been especially important for local development. Young professionals get remarkable subsidies when they settle down in rural areas – including central

settlements.²⁷ The “Foster Family Program” has enabled many married couples to take foster children and to earn moderate incomes in relation to local conditions, to renovate and often extend their houses.²⁸ Also, kindergartens are being built again in small towns and villages, after a 20 years’ break.²⁹

The increase of funding took place after National Priority Programs were launched in 2007 and have continued until 2014, after which new estimations are needed because of the critical situation of the Russian economy. In North-Western Russia, however, no signs of crucial change were to be seen on the local level during field trips to the Archangelsk Region in September 2014 and the Republic of Karelia in September 2014 and April 2015.

TOS: Social movement & social innovation

TOS is a ‘self-managed local association’ (*Territorial’noe Obshchestvennoe Samoupravlenie*), which can be very informal or formal, not registered or registered. A TOS is based on common will to implement a concrete project together, and is organized by defining the task, listing the persons included, and nominating a chairperson. TOS is a special legal form of local collaboration mentioned in Russian law. There were only a few before 2009 but in recent years they seem to be mushrooming, perhaps most of all in the Archangelsk Region. According to an information bulletin on ‘Pomorians TOSs’³⁰, 721 TOS projects were already formed there by 2013. In an interview in the Ministry in September 2014³¹ an even higher total figure was given (880), which could be compared with the number of NGOs: 1,200–1,300.

The Archangelsk Region accepts TOS to apply funding for local projects; each can get a fixed sum of money for material needs. In practice, the local authorities of each district (*raion*) take care of the organization and allocation of funding. Archangelsk oblast’ has also renewed its governmental structure to answer to the needs of local development efforts. The ‘Archangelsk Regional Ministry for Local Government and Domestic Politics’³² (*Ministerstvo po razvitiyu Mestnogo samoupravleniya Archangel’skoi Oblasti*) aims to support the work of local TOSs.³³

In view of the rapid increase in the number of local projects, it seems TOS is an answer to some basic problems in social development. A member in a Regional Parliament (*Duma*) mentioned that ‘Russian administration had forgotten how to work with problems on local level’.³⁴ TOS offers concrete and practical means in this context. It brings some local people with similar problems together, is easy to organize, and aims for concrete results. Is it a social innovation?

According to Dees et al. ‘Social innovations are production and integration of new knowledge in the form of programs, organizational models or definite sets of principles and other means which are utilized at local level to respond and react to positive and negative results of restructuring.’³⁵

The Russian TOS is quite similar to the EU’s LEADER. It is an organizational model. Partnership between local people, enterprises and administration is part of the model and what is new is that local people are an active part of this partnership – instead



A new walking bridge, built in a TOS project in Archangelsk oblast.

of the partnership only being between business and administration. TOS is integrating new knowledge to local circumstances in Russia. It is clearly a reaction to negative results of restructuring. TOS has wider consequences, such as recruiting activists to the local administration. TOS is integrating both old and young participants and some of these younger ones have become new staff in local administration, as we could prove in some cases.

Supporting local activity can suffer from management problems and lack of autonomy in financial operations. Some TOSs are steering funding through municipality accounts, and accounts of traditional NGOs have also been used. There are not many NGOs in small places, however, and these solutions were impractical, because TOSs may have an ongoing need for collecting and using money. We were told about proposals to change some TOSs to NGOs, through registration, and opening of the TOS’s own bank accounts. This has already been done several times (Vestnik TOS 2013).

To sum up, TOSs do actively solve local problems, they produce solutions and activate people for local society’s needs: in doing so they empower people, produce trust and social networking. In brief, in the best cases they successfully renew the socio-economic living environment to a much more positive state.

A capability to act at local level

The SIDA and Ladoga projects, the development of TOS, along with concrete examples of using the Federal and Oblast’ programs for local needs: All these cases provide evidence for a capability to act on behalf of local populations. For analytical reasons we use Sen’s classification of assets into resources, rights and relations to distinguish between the different actions the local population has used.³⁶ This particular framework helps distinguish different kinds of agency, transforming the assets in question into goods or services. While some of the resources,



New houses for teachers, industrial village, Nizhnii Novgorod oblast.

PHOTO: ANNAMARIE SATRE

rights and relations are more associated with coping other kinds of agency is connected to local development. For example, while getting social benefits would be related to coping, getting access to land for agricultural production or to establish an enterprise is more connected to strategic behavior. As you have to apply yourself to get social benefits or a grant to start a business or to build a house, both coping and strategic agency requires some form of intentional action. Therefore in the present context we will focus on the type of actions that actually lead to development in a local context, contributing to improving life quality for the ordinary population. Interviewees talk about using land in order to produce food for their family's consumption and also to build their own houses on it. This is about using grants from the federal programs and about having a capacity for manual work. But it is also about using rights to unemployment benefits and other benefits. One of our female respondents has mentioned as the most valuable resource "the hard-working husband who does not drink".³⁷

Sen's analytical framework also connects agency to the issue of empowerment. He seeks not only to determine the actual needs for a resource (e.g. money, housing), but also to identify the kind of support needed to transform resources into goods and services.³⁸ This requires agency on the part of those receiving support based on individual perceptions of what they need. The core of the empowerment concept lies in the ability of the individual to control her own destiny. Agency represents people's ability to act towards goals that matter to them. Sen argues that this includes an aspect of freedom which is a vital ingredient of social change.³⁹

The use of rights

With reforms, ordinary people gained some new rights while losing others. For example, they received the right to start busi-

nesses or private farming, but they lost the right to get a job, along with different rights to services they had been entitled to in the Soviet period.

They also tried to find solutions to structural problems, of which the non-finalized privatization of state property had a big role in small settlements. An important stage was achieved in this process 2010, when the owners of virtual land plots lost their right to realize their ownership if not yet completed. After that e.g. former *sovkhos* land could be privatized and sold for building activities, agricultural enterprises or other purposes.⁴⁰

It appears that some state or regional programs have provided opportunities. Interviews describe families using the opportunity to gain a grant to build their own house from the "Federal Program for Young Families" from 2010.⁴¹ We also heard about families using the motherhood program "Mother's Capital" to improve living conditions. Communities also use the possibility of taking part in federal programs. There are, however, great differences between communities in this respect, indicating that the agency of local administrations makes a difference. This is also clear when it comes to the creation of TOSs. In one community, it was fairly clear that the Mayor did not consider TOS to be an important ingredient in local development, but he did not prevent one of the employees from working with their development. Consequently, the idea of creating TOSs to realize local ideas spread, increasing grass-root level activities in the community quite rapidly in a couple of years.⁴²

The use of social relations

Social relations are a basic unifying element in the LEADER approach of the European Union's rural policy. Partnership between local actors is institutionalized in Local Actions Groups. Russian local initiatives also contain partnership, even if not in such a systematic form as LEADER. One of the main differences is that while LAG is responsible for making local development plans, in Russia such plans are not made at local level. In our data, local projects were not integrated into any larger local plan and project activists did not work together with municipal leaders and business people in order to find a coherent path for development. In any case, social relations are also developing in Russian local projects. Some authorities seem to get support from citizens' networks, not least in social policy programs. In one case foster families were organized in a club which was finding ways to collaborate and to mediate their needs to donors and to authorities.⁴³

Social relations enhance the growth of social capital while opening opportunities for the empowerment of participants in the process. New social relations increase opportunities to find ideas and make initiatives for new steps to go further in personal agency and local development efforts.

Interviews with entrepreneurs reveal that they did not like to start with somebody outside the family.⁴⁴ On the other hand, it was important to have good relations with the local administration in order to get a contract. It could matter when it comes to being able to rent a building to run a restaurant or a shop, or being assigned the task of building or renovating a road.⁴⁵

Local administrations often use their relations with entrepreneurs to ask/insist on them becoming sponsors for local events and projects or fulfilling social contracts.⁴⁶ One local head succeeded in getting support from local entrepreneurs for building a church.⁴⁷

The use of resources

In line with earlier research,⁴⁸ respondents express the view that it has become more difficult to set up private businesses than before.⁴⁹ However, people still start their own businesses in, for instance, trading or taxi-driving. Interviews show how entrepreneurship increases in crisis years, when families' incomes are not enough to live on (these businesses are most likely not formally registered in order to avoid taxes). In particular, it seems difficult to survive after the first year. The three to four successful examples of business development from the SIDA project reveal that it is possible to build up businesses even in the 2000s. These examples show that slow step-by-step development based on investments from the entrepreneur's / business's own resources could be a viable strategy for survival and gradual development. Some interviewees mentioned the option of the *vakhtovyi metod*, which usually means that the husband goes away for specific periods to work in, for example, the oil fields or the forest, although they pointed out that this way of working could be detrimental to the family.⁵⁰ Respondents further indicated that plot production is important for most people.⁵¹ We also heard about the use of other natural resources.

The local administration uses resources to increase the local budget available for the co-financing of federal or oblast' projects.⁵² Well-educated women working in the budget sector provide a valuable human resource, and we have heard some of them talk about how the smallest projects showed them new possibilities.⁵³ This, in turn, encouraged them to take new initiatives.

Conclusions

Our data gives a lot of evidence of strategic agency in the Russian countryside and small towns (Table 1). The Russian local economy is still experiencing major structural changes. Bankruptcies of post-Soviet type large-scale enterprises take place, and newer entrepreneurs increase their activities. It is sometimes said that it is more difficult to start a business now than earlier. However, some young entrepreneurs seem to act even in smaller communities. One aspect is the view that there are more options now, that society/opportunities is (in a regional sense) more democratic. New Governmental programs have clear positive effects, not only within metropolitan areas. Private-public mixtures and project funding are becoming more widespread, which might mean more flexibility and decreasing negative consequences from the traditionally very hierarchic administration in Russia.

Local governance has stabilized after reforms in late 2010s. Privatization of local land has achieved its culmination, which offers opportunities to reorganize land-based activities in housing as well as in business and agriculture. In the authors' experience, local authorities are very willing to support the local

economy and activities, but have very scarce resources. To solve their acute economic and social problems, they try to find ways forward using sponsoring funds and increasingly, with project-type funding.

Concerning the views of how passive people are, the present research provides evidence of the opposite tendency. Studies of foreign experiments, SIDA and Ladoga projects and above all the regional TOS movement reveal a relatively large potential for activity among the local population. Each of the established projects needed enthusiastic project leaders and several active participants. They realized resources, which both produced material things and secured new social capital. To sum up, SIDA and Ladoga projects and TOS activity indicate that it is possible, in Russian conditions, to realize successful projects and to facilitate social capital and empowerment.

To interpret what is taking place on the local level in Russia, one needs to go further to understand the logic of economy in the Russian framework. It is not pure market logic; entrepreneurs have a lot of troubles other than prices and markets of their products, credit rates and salary levels. The Russian state has a strong hold on the economy both through various controlling measures and because of state-owned business. A major proportion of business people work on the basis of public orders and the state's authoritarian character has consequences on local companies' working possibilities.⁵⁴ Furthermore, Russian local administration is economically weak and needs the state's redistributed funds.

Another option for local administration is to have strong private enterprises, which contribute to the local economy both through taxes and donations. Taxes are normally not enough and therefore donations are needed. Donations follow Soviet traditions, even if local private enterprises which donate money are often smaller and weaker than Soviet state farms or big industrial companies. The existing local companies contribute a lot in the local social and economic sector. The general picture is not very clear; however, discussions with local authorities and enterprises themselves give evidence of continuous donations to charity and to local development efforts, such as building walkways or sports fields. Charity is often promoted: for children's needs, as when a children's home found a local entrepreneur to support its activities. Later the entrepreneur disappeared but the support from his company continues.⁵⁵ Development efforts are often allocated to the entrepreneur's own home village, as when one TOS received a remarkable sum of money from a local female entrepreneur for building a village house for local events.

What makes enterprises donate money? This question is in fact a variant of the basic question of informal institutions for an institutional economy. An answer to this question can be sought from the field of moral economy. According to Andrew Sayer⁵⁶ – the developer of new moral economy – the question in moral economy is about norms, dispositions and commitments, which concern interrelations between individuals and institutions, their mutual responsibilities and rights. Our field study results indicate that norms of contributing to local social needs are very strong in Russia.

It is not possible in this paper to go further into the question of the moral economy in Russia. We suggest, however, that the Russian economy is not only characterized by paternalist and authoritarian features but also by a special type of moral economy, demonstrated in the interdependency of economy and moral commitments. ✖

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