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The origins of oligarchy: the evolution of communism and the system of pressure groups in the USSR

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1. Introduction

The phenomenon of oligarchy in post-Soviet countries, mainly in Russia and Ukraine, has recently become the label for the functioning of the political system to distinguish the real participants of political processes. They, in fact, due to their un-established legal status replace the formal structures of a state, such as political parties or local authorities, in the process of decision making. The characteristics of the oligarchs' activities, their high position on the lists of the wealthiest people of the world, as well as their participation in opposition (e.g. Gusinski in Russia) or so called „ruling” oligarchs, result in new theories explaining the formation of a new political system and regime.

Here we encounter methodological issues concerning the question of how political processes taking place on the territory of the former Soviet Union should be treated. While the institutional and legal analysis implies that the political system of the post-Soviet countries evolves towards democracy, the analysis of behaviour and activities of political subjects assumes that in the reality of so called „institutional democracy” informal governing structures come into existence, whose activities can be described as nothing

more than antidemocratic. Such structures, referred to as oligarchies, are not a novelty in the history of the development of group system in Soviet society. They result from the evolution of the communist system, especially specific activities of pressure groups. When we pay more attention to the characteristics of political activity and behaviour, and less to the institutional conditioning of the system, the evolution of the group system in Russian policy perceived as the phenomenon of the influence of informal subjects on decision making, enables the comprehension of the character of the modern day oligarchy.

Apart from treating both the social structure and political system in the Soviet Union as the *nomenklatura* (Woslenskij)¹, *barrackstyle communism*, *etacrarian impire* (Radajew, Szkaratan)² or as *corporatocracy*, which were discussed widely in the 1980s, the term oligarchy appeared in the second half of the 1950s. It was used by Milowan Dilas in his analysis of post-Stalin period of governing „The New Class”. According to Dilas it is the

¹ M. Woslenskij, *Nomenklatura. Gospodstwujuszczij klas Sowietskogo Sojuza*, Moskwa 1999.

² W. Radajew, O. Szkaratan, *Socijalnaja stratifikacija*, Moskwa 1995.

class of professional politicians, who in „other (non-Soviet) systems in extreme cases use the power to secure their privileges or the privileges of the ones who support them, as well as to promote the economic interest of a certain social class. In the communist system (...) the situation is completely different. Those who gain power are identified with privileges, and at the same time, with property”³. The idea of a new class, as Dilas claims, is rather ideological. This attitude resulted from the conflict between the USSR and Jugoslavia. The latter one had chosen so called „third way” introducing different economic measures and refusing to join either of the opposing political blocks. It was as soon as that that Dilas mentioned the characteristic features of a modern day oligarchy, such as: property, privileges, and breaking off with social groups. Oligarchy thus becomes an independent actor of the political scene, unconnected to the society, taking advantage of privileges as the material remuneration for being in power.

The term *political oligarch* in Ukrainian political science of nowadays is perceived as the phenomenon of an individual „who independently, by means of his own capital, and due to his predispositions, was able to establish informal (beyond the regulations) structure in which industrial and financial groups, political parties, social institutions as well as mass media are involved, and who takes advantage of his relation with authorities in order to acquire profit or make the elite group of state officials richer, by enabling them to do so”⁴. It is the approach to oligarchy as particular individual activities. As such, oligarchy can be perceived as a new phenomenon, and according to Mykoła Tomenko, „the existence of oligarchy in Ukraine is caused mainly by economic factors”⁵. On the other hand, the evolution of group processes and conflicts in Soviet Union makes one perceive oligarchy as a permanent political phenomenon of historical, as well as political and cultural nature. After the transformation of the communist system the phenomenon is presented in the new system of „institutional democracy” or „oligarchy” by other people, yet in the similar forms of governing.

In this context it seems relevant to pay attention to

³ M. Dilas, *Die neue Klasse*, München 1957.

⁴ *Oligarchija 2000: Oligarchiczni grupy jak subjekty politycznoho procesu: metodolohiczni aspekty*, „Uniwersum”, 11–12 (85–86), p. 7.

⁵ M. Tomenko, *Oligarchija 2000: Ukrajina oligarchiczna – derżawa, jaku ja nenawydżu*, „Uniwersum”, 11–12 (85–86), p. 40.

the features of the interests of oligarchy as unconnected with the interests of a society, and representing the few ones in power. Here the analysis of a group system in an undemocratic system differs significantly from the analysis in democracy, when a group interest should be interpreted as the one of a broad social class, and the participants of decision making process controlled by democratic procedures are obliged to represent interests of groups. While democratic procedures didn` t exist in the history of Russia and other regions of the USSR, and political culture had remained at the patriarchal stage, the legitimization of governing class came from the small circle of „the new class”, nomenklatura, or oligarchy. The society didn` t participate in political process for at least two reasons: on the one hand it was not allowed to take part in public policy, since the decisions that were made weren` t clear, on the other neither did it have any democratic traditions, or aspiration to participate in public life.

2. Beginnings of oligarchy

The establishing of oligarchy was initiated in the period of „collective governing” after the death of Stalin in 1953. Then the pressure of internal groups had become the usual form of decision making process. It happened simultaneously with the evolution of the political regime, which meant the transformation of Stalin style totalitarian ruling into authoritarian forms. It was a post-totalitarian type of governing, namely totalitarian authoritarianism⁶, with the general features of authoritarianism, such as: pluralistic, traditional, and non-ideological approach towards the society. Then, instead of totalitarian dynamics and mobilization, the conservative and stagnation-type regime developed. As a result of this, ideological forms became ritualized, and utopian expectations prevailed in the society; there was complete stagnation in administration apparatus, and the participation in the political process was of formal character⁷. It was the situation when the representatives of their own interests along with the clientele had become the subjects of political game. At the same time, the society, which had once been motivated with the vision of worldwide revolution, the dictatorship of proletariat, and the construction of a fair communist

⁶ J.J. Linz, *Totalitäre und Autoritäre Regime*, Berlin 2000, p. 235.

⁷ Ibidem.

state, was pushed into the margin, confused after the loss of the motivating ideal identified with Stalin.

The policy of Nikita Khrushchev and 20th assembly of the CPSU (Communist Party of the Soviet Union)⁸ in 1956 had merely deepened social disappointment, without initiating its pursuit for the freedom and independence of the peoples of the empire. The policy of Khrushchev didn't offer any new alternative. It neither proposed new strong power, nor Khrushchev. It came as the effect of the pressure of various levels of elites, aiming at the division of privileges, which meant participation in the governing. This resulted in practically unlimited power of party secretaries in regions. By weakening the central power the policy of the government strengthened at the same time the position of local and regional elites. Dilas explains this process as the logical development of the ideology of a communist state, when, „after the revolutionary Lenin style communism, which has transformed into dogmatic Stalin style communism, there comes non-dogmatic populism and so called „collective governing”, in other words the group of oligarchs”⁹.

In 1964, after the power had been overtaken by Leonid Brezhnev, the stagnation of the system in the USSR reaches the stage of „gerontocracy”, the decades of old members of bureaucratic elite (*номенклатуристик*) rules, who at that time had already been private economic subjects, and privileges had become the equivalent of income. By the early 1970s the Soviet society had experienced the process of yet another transformation, characterized by the increase in group activity and the number of conflicts resulting from the influence of one of the groups on another.¹⁰ These weren't exclusively internal groups (political: namely so called official intellectuals and bureaucrats). Small social groups, emerging from margin, were also becoming active. This were the groups forming at the second *society level*¹¹, not connected with nomenklatura (e.g. the groups demanding respect for human rights, ecological, national, religious, or the ones demanding the right of emigrating). Skilling describes such a regime as quasi-pluralistic authoritarianism, characterized by,

„a great number of group conflicts provoked by the groups themselves. Formally, the party leadership remains the dominating factor, yet at the same time there are strong mutual influences between the leadership and political groups, as well as certain credibility of their influence on the political process. Group influences are stimulated by internal conflicts taking place in the government. Formally, it is bureaucrats who hold political power, however they cannot exclude from it the intelligentsia or other groups. Unorganized groups come into existence, which have critical attitude towards the regime”¹².

All these processes of ‚pluralization’ at the *second society level* are accomplished by the development of underground literature and „samizdata”, whereas the gerontocratic leadership of the party becomes the subject of cynical anecdotes. It is the period when political demands concerning the respect towards human rights are articulated. The nomenklatura, at the same time, concentrates property and means of production in its hands. The process of „pluralization” on the *second society level* was supposed to be conditioned by the development of soviet system. We are going to list here four aspects that led to the evolution of the totalitarian regime. These are the elements of leadership, socio-economic development, the evolution of political values and external conditions.

In the Stalinism leadership was based on the strong position of the dictator, who after 1937 had got rid of all possible rivals and pretenders to power. After Stalin's death totalitarian society started to disintegrate unable to cope with the death of the dictator. Stalin's successors were political puppets, not able to motivate the society. Hence, the turn towards traditional values and utopian attitude. Totalitarian culture required a new idol, who didn't exist and couldn't have been created. This resulted in disintegration and apathetic approach towards political ideals.

3. Social changes

The socio-economic aspect is of significance to distinguish social structure. Since the 1960s the interest of consumers had prevailed in social mentality in place of the dominant ideological vision. The dreadful picture of the enemy and the idea of worldwide revolution was gradually disappearing from the soviet propaganda.

⁸ Коммунистическая партия Советского Союза – КПСС.

⁹ Dilas, op. cit., p. 53.

¹⁰ G. Skilling, *Groups in Soviet Politics. Some Hypotheses*, (in:) *Interest Groups in Soviet Politics*, G. Skilling, F. Griffiths (eds.) Princeton, New Jersey 1971, p. 19.

¹¹ G. Skilling, *Samizdat and an Independent Society in Central and Eastern Europe*, Oxford 1989, p. 200–205.

¹² G. Skilling, *Groups in...*, p. 224.

Simultaneously, after the postwar reconstruction of the country, material interests were developing, as well as consumption and economic variety. It didn't happen, however, in the same way as in the democratic countries, where the income indicated the increase of standard of living. Here it was indicated by the level of privileges and the access to material resources. The financial income was of no significance when it came to determining the standard of living. It was the privileges of „the new class” that indicated the income.

The changes in political culture were the result of the removal of the enemy's picture, who impersonated by the Nazi regime had already been defeated. It led to the positive development of the system of political values „for oneself” and not „against the others”. It was already during the war that the regime had changed its attitude towards the Orthodox Church, and administrative changes enabled the functioning of elites in soviet republics. The fact that Ukraine and Belarus were the founder members of UN and had their own structures representing them externally was of significance as well. New groups were emerging in the society, which were willing to exist in public life. These were veteran groups, „children of war”, guerillas, „the rears”, and widows of soldiers. Intellectuals, such as journalists, writers, musicians, and film directors, also increased their activities. They were an important element in preserving stability, adjusting art to ideology. At the same time it led to the establishing of cultural underground as the response to politicizing of art and science. Apart from that, socio-cultural divisions had remained noticeable. Isolated any-system circles were coming into existence in the territories incorporated before the war, such as Lithuania, Latvia, Estonia, and Western Ukraine (i.e. the eastern area of Poland, incorporated by the USSR after 17th September 1939). Although, till the mid 1950s the authorities carried out the actions against „non-Russian” religious influence and insurrectionary armies, such influence still existed and was developing underground. These factors made up complex and diversified picture of both system and society.

The external conditions (international) meant the end of the isolation of the USSR that had started before the war. Formally, the communist system accepted the standards of legal rules, since it was a part of the bipolar and well-developed system of international law. Some elements of law were introduced in the state, and although the legal system still remained antidemocratic, the power was no longer personified. At this time the state accepted some of the informal groups, even the

ones supported from the abroad, e.g. groups dealing with the respect of human rights (Helsinki groups).

4. Gorbachev era and disintegration of the USSR

The beginning of Mikhail Gorbachev era and *perestroika*, which aimed at reforming soviet system, ended up in fiasco for himself. Whereas subjects functioning beyond institutions, nomenklatura or oligarchy, adjusted themselves well to political changes. Taking advantage of national and social interests they had become the most significant policy-makers in social life. One of the phenomena of the soviet system in the final stage of its functioning was the autonomous existence of the first (official) and the second (unofficial, quasi-civic *second society*) social sector. Both sectors didn't have broad social basis, and were balancing. The situation was destabilized when some attempts were being made to introduce partly transparent mechanism of power. Gorbachev's political reforms, were to provide new balance between party nomenklatura in regions and functional elites. To obtain this new election mechanisms were introduced, which guaranteed alternative and open political debates so far unknown to the soviet society. Between 1984 and 1989 censorship, limits concerning civic activities, and restrictions of democracy were partially removed from media in the USSR. There were also changes in the election system, and the authorities remained tolerant towards illegal strikes.¹³ This way the space for the activity of social groups was created. However, if the groups had any influence of the decision making process, it was only for show. Yet, they managed to articulate their demands in effective way and found their social basis. It was the situation when the interests of basic, namely potential groups, were activated, and broad social classes were gathered around them. The new system of balance of nomenklatura groups, represented by Gorbachev and his supporters, was being realized. However, it didn't anticipate including into political system various groups representing new ideological visions, often contrary to communism. Thus it by no means could succeed.

The constructors of the theory of interest groups, Arthur Bentley and David Truman, treat it as the

¹³ T. Coxx, *Democratisation and the Growth of Pressure Groups in Soviet and Post-Soviet Politisc*, Oxford 1993, p. 78–79.

pursuit of the system of groups for the new balance. It means the mobilization of potential groups, which so far haven't shown any interest in politics. This happens when they feel threatened when it comes to their basic interests.¹⁴ The activity of such groups is temporary and inconsistent. They are characterized by low functional ability. Armor describes them as „*anomic groups*”¹⁵, that is spontaneous social movements, emerging when the system becomes destabilized. They often are not able to adjust to „technical” actions after the system acquires the new form of stability. „Memorial”, „Mylosedrije”, independent unions of miners, or „Pamiat” can be the examples of such groups. The situation developed differently when it came to National Fronts, The Platform of Democratic Party and other groups of quasi-party character. They transformed into government or opposition parties in new independent parties. Some of them had become participants of new deals between oligarchy groups, whereas the others merely instruments used by them.

When the *second society* groups articulated their political demands, nomenklatura activated itself due to the new sources of income, which appeared as a result of economic chaos, inflation, the transformation of military industry into civilian one, general disintegration of economy, and agreement for independent economic. By the late 1980s new pressure groups, which included the party activist (party nomenklatura), state bureaucracy, managers of state enterprises, activists of official trade unions (who like party activists had no duties to employees), had transformed into „industrial and financial clans”. Later on, the new selection of nomenklatura takes place in this process. The ones who had lost in the elections and privatization were pushed aside, while new participants of „democratic system”, namely leaders of new parties, unions and young business elites, joined in.

The shaping of new political systems after the Soviet Union had disintegrated, described as the transformation towards democracy, was in fact the introduction of new economic elites, new nomenklatura, and new conditions of the division of power and privileges. This situation didn't refer to the Baltic states. Although the names of the people in power had changed, the group system was

similar to the previous one (the discussion over agrarian reform and privatization presents a similar ranking of the interests of the same nomenklatura, starting with managers of state enterprises to new private institutions and official trade unions). The new industrial and financial groups differed from the nomenklatura of previous times since it was not privileges but the real sources of income, acquired thanks to the privileges, that indicated their status. Privileges were used were used to provide access to the enterprises that were being under privatization process, managing the investment in the new banking system, and securing the work of insurance companies. This led to enriching mighty regional groups („clans” such as Dnipropetrovsk, Uzbek, Donetsk) as well as functional ones (military and industrial complex, energetic one, banking groups).

After the disintegration of the USSR and the „first wave” of democracy in the Commonwealth of Independent States, the government system of former nomenklatura was preserved. It could be characterized with the features of authoritarian system, like in the case of Aliyev in Azerbaijan, Shevardnadze in Georgia, Nazarbayev in Kazakhstan, Yeltsin in Russia, and others. It also applies to the former representatives of economic elite, like Kuchma in Ukraine and Lukashenko in Belarus. In these states there was no stage at which democratic party system was forming. The real actors on the political scene, however, were economic groups, owning the party and parliamentary fractions. The groups of oligarchs adjusted to the conditions of „institutional democracy”, initiating their own political projects in order to grant their rules the image of legality.

„The party of power” formed during the first parliamentary elections was the transformation form between the communist nomenklatura and modern times oligarchy. It was „a large complex of nomenklatura outside the party and some of the people, who held the power thanks to the mandate of the party or had chosen the party, already in the system of government.”¹⁶ In the course of settling the democratic procedures and mechanisms into the institutional and legal system „the party of power”, so far an amorphous structure, had transformed into the system of „political holdings”, managing the sources of political influence (parliamentary parties and fractions), social influence (non-government organizations, show business, sports

¹⁴ A.F. Bentley, *The Process of Government*, Evanston 1949, p. 256; D.B. Truman, *The Governmental Process*, New York 1953, p. 34–35.

¹⁵ G.A. Almond, *A Comparative Study of Interest Groups and the Political Process*, [in:] *Comparative Politics*, H. Eckstein, A. Apter (eds.), New York 1963, p. 397–408.

¹⁶ T. Batenko, *Partija władzy i opozycja w Ukraini. Teoria i praktyka*, [in:] *Politycznyj proces w Ukraini: stan i perspektywy pozwytku*, Lwów 1998, p. 72.

teams), information influence (mass media), economic influence (based on the essential energetic resources), and financial influence (commercial banks). Like for the soviet nomenklatura it was necessary to have the access to economic resources identified with privileges, for modern times oligarchy it is necessary to preserve the access to privileges transformed into exact financial resources. Nomenklatura was using the one party system and mass organizations, and oligarchy uses the multi-party system in an equally effective way, as well as so called „virtual pluralism” of parliamentary fractions (see charts 1 and 2).

5. Conclusions

Richard Roxe describes the regimes in the following way: they are ruled by the elites, which use effective forms of performing the power by its subjects, not acting repressively towards individual citizens. The power of oligarchy is realized according to the law, and this is how the oligarchy differs from a dictatorship. Accommodating to the law enabled the oligarchs to hold the power over territories and maintaining stability. The subject of oligarchy doesn't grant the freedom of speech, however citizens are well aware of what they may express without getting into danger. Censorship in oligarchy limits some forms of criticism towards the regime, at the same time allowing the others to exist. The oligarchy regime acknowledges civic society, and provides the civic institutions with the freedom to act as long as they aren't a threat to its authority. The oligarchy regime doesn't need elections, since in no way it is connected with the electorate. If election is organized, it is of restrictive character and its results are not representative when it comes to society.¹⁷ In post-soviet system oligarchy is the fact, and apart from institutional image and legal system, the way political elites act doesn't differ from the times of nomenklatura. The situation is more than delicate, since while the USSR was explicitly an antidemocratic state and impersonated political evil, nowadays the illusion of transformation prevails along with the expectations of the „miracle of democracy” in the reality of stable oligarchy! – the rules of oligarchs – the party of power-nomenklatura – and the new class.

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¹⁷ R. Rose, W. Mishler, Ch. Haepfer, 1998: *Democracy and its alternatives: understanding post-communists societies*, Cambridge 1998, p. 42.