

**INSTITUTIONAL CHANGE IN THE FOREST SECTOR:
THE RUSSIAN EXPERIENCE**

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ABSTRACT

This dissertation explores patterns of institutional change in the Russian forest sector and examines the process of nascency and development of both formal and informal institutions. It argues that development of the Russian forest sector has been path-dependent and significantly influenced by informal institutions, which the recent reform carried out by the state also failed to transform. Using the case study of the forest sector, the dissertation (1) identifies major drivers of post-Soviet institutional change, and (2) compares different patterns of agency (particularly state forest reform and non-state ‘private modernisation’ projects). The thesis explores opportunities for institutional path-creation in the Russian forest sector and concludes that the major drivers of change in today’s Russian forest sector are: i) local ecological agency, and ii) the changing global (political, economic, ideological) environment. It is argued that roots of the problems of the recent forest reform lie in the lack of agency within (mostly federal) state structures and local communities.

The dissertation argues that although non-state forms of governance (such as certification and model forests) have proved to be more powerful and effective than state initiatives in overcoming ‘path-dependent’ institutional embeddedness, their ultimate results are severely limited by and highly dependent on evolution of state agencies and more generally on the nature of relationships between state authorities and society.

At the conceptual level, the research adopts the institutional (NIE) framework and combines it with classical sociological literature (on the problem of structure vs agency), as well as with a historical perspective (path-dependence vs path-creation). Moreover, it emphasizes the importance of ecological dimension of analysis for understanding societal change.

As for its policy relevance, the research challenges the recently popular and overly optimistic view on the role of civil society and non-state governance in institutional modernisation. It encourages policy makers to study national history and to build upon existing initiatives taking into account the path-dependent environment and informal institutional embeddedness of implemented projects.

PREFACE

This dissertation is the result of my own work and includes nothing which is the outcome of work done in collaboration except where specifically indicated in the text and acknowledgements.

This dissertation does not exceed the regulation length, including footnotes, references and appendices.

To my parents,

Alla and Alexander Ulybin

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ABBREVIATIONS

BROC	Bureau for Regional Outreach Campaigns, a regional environmental NGO
CISR	Centre for Independent Social Research
FLEG	Forest Law Enforcement and Governance
FLEGT	Forest Law Enforcement, Governance and Trade
FSB	Federal Security Service (Russia)
FSC	Forest Stewardship Council
GOK	Gorno-obogatitel'ny kombinat (ore mining and processing works)
HCVF	High Conservation Value Forest
IAD	Institutional Analysis and Development (Framework)
NGO	Non-Governmental organisation
NIE	New Institutional Economics
NSMD	Non-state Market-driven Governance
PEFC	Programme for the Endorsement of Forest Certification schemes
SGS	Société Générale de Surveillance, an inspection, verification, testing and certification company
SPOK	An environmental NGO in Karelia
UPM	UPM-Kymmene Oyj, a pulp, paper and timber manufacturer
VLTP	Validation of Legal Timber Programme
WWF	World Wildlife Fund

‘Have a look at hundreds and thousands of questions concerning our domestic and everyday routine — what a pandemic looseness, what unsettled views, what a lack of habit at work! Russia is being deforested by landlords and peasants with such a frenzy. One can be certain that this timber is sold for a tenth of its price, will the supply last long enough? Our children will hardly be grown up when there will be ten times less wood in the market. What is going to happen then? Maybe the day of doom. And in the meanwhile, just try to mention curtailing forest destruction rights and what will you hear? On the one hand, there will be the state and national necessity, and on the other hand infringement of property rights, i.e. two opposite ideas... Someone has made a joke in a modern liberal way that every cloud has a silver lining and that if one destroys all Russian forests, there will be at least one benefit, namely that corporal punishment with the rod will be finally abolished, for district courts will have nothing to whip guilty peasants with. This is certainly a good consolation, but hard to believe, though: even if there will be no forests at all, there will always be enough rods for whipping anyway – one will import those from abroad.’ (Dostoyevsky, 1989: 253)

‘Government is still the only European in Russia.’ (Pushkin, 1836)

INTRODUCTION

Historical Context

Reform of the forest sector is currently high on the agenda in the Russian domestic policy. The scale of ever more aggravating problems has become apparent not only to NGOs and companies, but also the Government. The reasons for change in the Russian forest policy are of an economic, political and, to a far lesser extent, environmental nature.

Russia is the most forest-rich country with about 25% of world forest resources and over 200 years history of forest management. However, Russia uses under one quarter of its forest resource potential today. Most of accessible forests are deeply exhausted as a result of intensive exploitation in the twentieth century (Odintsov, 2007: 157-160).

The serious economic issues are the low competitiveness and low efficiency of the forest sector. The average forest revenue for one cubic meter of timber is five to ten times lower than in developed forest countries (Roshchupkin, 2008b: 3-12). The amount of harvested timber from one hectare of forest-covered land is 0.2 cubic meters in Russia, whereas in developed countries the same indicator is 16 times higher (Odintsov, 2007: 162). As a result of inefficient use of forest resources, Russia accounts for only 3% of world production of commercial timber. The value of forest sector products (per one cubic meter of harvested timber) amounts to 1.8 thousand rubles, which is three to five times less than in developed forest countries (Ibid.: 168).

Russia's timber industry focuses, to a great extent, on raw-material export: 26% of harvested wood is exported as raw timber, whereas 56% is processed by industry and 18% is used by local population and on social needs (Roshchupkin, 2008a: 12). Since the 1990s, Russia has become substantial net importer of paper. Forests are not reproduced sufficiently. Due to excessive logging and inappropriate forest management, the area of mature and overmature forests decreased by 66.1 million hectares during the last 30 years (the total stock is about 870 million hectares) (Alekseyev, 2008: 6). The level of illegal logging amounts to 10-15% (Roshchupkin, 2008b: 3-12; Kotlobay et al, 2007: 4). In some regions of Russia (the Caucasus and

the Far East), illegal logging is estimated at 50-70% (Environmental Management in Russia..., 2004: 34).

These problems have kept down the sector's role in the economic development of Russia, which contrasts with its enormous potential¹ in a country where forests cover 45% of the total area (Roshchupkin, 2008a: 1). The share of the forest industry of Russian GDP is less than 2%. The forest industry produces under 3% of the total industrial output of Russia^{2,3}.

Apart from economic issues, there is a challenge to ensure environmentally- and society-friendly development. It was only in the second half of the nineteenth century that timber began to be looked upon as a marketable commodity in Russia. Before then, forests had been looked upon more as pasture lands and localities for the gathering of honey, firewood etc. After the emancipation of serfs in 1861, landowners began a policy of reckless forest exploitation in order to cover their losses caused by the reform (Miller, 1967: 274). Traditionally, Russian forests have been an important part of everyday life and environment – rather than a quantified source of national income.

The forest sector has traditionally provided significant employment. Most industrial forestry settlements reached the peak of their development in the 1970-1980s. Since the 1990s, forestry communities have been increasingly challenged by administrative reforms combined with market transformations (Sodor and Jarvela, 2007: 10). In the 1990s, the Russian forest sector directly accounted for over two million employees

¹ See IIASA analysis of the Russian forest sector problems (financial, personnel, juridicial, social, technical, and environmental); papers by Carlsson (2000), Carlsson, Lundgren, Olsson (2000), Nilsson (2000), Nilsson and Shvidenko (1997), Shvidenko (2003), Piipponen (1999).

² In 1987, the share of forestry, mechanical wood industry, and the pulp and paper industry was seventh of all sectors in Russia with 5.62% of total industrial output (Nilsson and Shvidenko, 1997: 33). By 1993, domestic production of wood products (the output of logs, lumber, plywood, reconstituted wood boards, and pulp and paper products in roundwood equivalent) had plunged to 57 percent of its 1989 level (Russia: Forest Policy During Transition, 1997: 43).

³ However, these issues may have remained in the shadow if it were not for the political will of federal authorities (e.g. speeches of V. Putin in 2002 and 2006, Putin's visit to leskhozoes in Petrozavodsk, followed by organisation of the Council for Development of the Forest Complex under the Government of the Russian Federation, 2007).

(Nilsson and Shvidenko, 1997: 34). Since the dissolution of the USSR, the number of employees in the forest sector has been steadily decreasing, caused by a drastic fall in production, as well as by a massive technical upgrade of the sector (Shvidenko, 2003). In 2006, the number of employees in the forest industry sector was almost 800 thousand. Due to the ongoing forest sector reform, there has been a decreasing trend since then (Odintsov, 2007: 168).

One of the reasons for the high social significance of the forest sector is that companies in the Soviet forest sector were not just central institutions providing employment, producing goods and services, but also offered a large variety of social assets and social infrastructure for their employees and often the local population (Nilsson and Shvidenko, 1997: 34). Since the First World War, the state acquired large areas of forest reserves to meet the nation's increasing need for timber products. It was state policy to establish forestry settlements. In such settlements, wood procurement was the primary source of livelihood for most people. However, in contrast with its role in the bigger centres, the state never played a large role in helping to develop rural communities. Throughout the history of many settlements, timber companies organized electricity, telephone services, the water system and the road network. (Järvelä, Södor, and Tarasov, 2004) Social responsibility for its workers has become an important part of companies' work. Since the 1990s, the responsibility for providing social infrastructure and social welfare has passed from the former state enterprises to local municipalities, which are still often too weak to take full responsibility. So, today, companies still have to compensate for what public policy fails to provide (Sodor and Jarvela, 2007: 16).

Since the early 1990s, the Russian forest sector has been undergoing a transition from a top-down control-and-command system to a market economy. The structure of the forest sector was affected by privatisation of the forest industry, liberalisation of prices and the gradual opening of borders to international trade. However, the Russian forest management and utilisation system has inherited a lot of elements of the Soviet system. The state is the owner of forest land in Russia⁴ and forestry planning is administered by the state (state companies for forest management - *lesoustroitelnye predpriyatiya*).

⁴ Forest Code of the Russian Federation 2006, Article 8

The post-1991 liberalisation of the economy caused very heated debates about forest ownership in Russia. Different legal frameworks worldwide take different stands towards forest property rights. The Russian legal system and in particular forest legislation have traditionally been designed according to the German civil law pattern, and the trend towards a big role of the state was only strengthened in the Soviet period. However, due to changing political situations and power relations, these issues have re-emerged on the agenda.

In the post-Soviet era, it is not only the state that initiates change. Private companies, NGOs, as well as supra-governmental organisations have started to play a noticeable role and introduce new institutions of corporate responsibility, forest certification, model forests, foreign forest management practices and visions of sustainability. The results of both state and non-state activities aimed at reforming the forest sector are debatable and yet to be seen.

It is this tight connection of the forest sector with other areas of socio-economic, political and cultural life that makes it necessary to explore the nature and patterns of societal transformation if one is to understand changes in the forest sector.

Theoretical Context

Since institutional changes in the forest sector are inextricably linked to the general socio-economic and political trends in Russia⁵, it is valuable to provide the context of theories of societal change. These are theories which, often under the general framework of ‘agency and structure’, consider the interaction of individuals, different social groups, and the state. The role of these entities in the process of societal change is analysed using different analytical frameworks. Some emphasize the role of individual action (Weber), others focus on economic (Marx), ideological (Durkheim), political, power and discursive (Habermas; Bourdieu; Foucault) structures that shape individual action. Some later theories tend to integrate these two perspectives on

⁵ Such as the Big Bang reforms implemented in the early 1990s on the advice of Harvard and Chicago economists, which included radical price liberalisation and mass privatisation at a ‘breathhtaking pace’ (Boycko, Shleifer, Vishny et al, 1993: 180) with the aim of depoliticising the economy – the model promoted by Boycko, Shleifer, Vishny, Sachs et al (see e.g. Boycko, Shleifer, Vishny et al, 1993; Murphy, Shleifer and Vishny, 1992).

agency-structure relations (Granovetter; Becker; Mahoney and Snyder; Hodgson). However, the 'structure-agency' paradigm of major Western sociological models, if taken alone, due to its ahistoricity and generality, cannot provide explanations for complex interaction of agency and structure. Hence, an institutional framework is applied. Theories that analyse change specifically in terms of institutions usually work either with the concept of path dependence (North (2005); Ostrom (2000); Pierson (2000); Greener (2005)) or path creation (Crouch and Farrell (2004); Ebbinghaus (2005); Schneiberg (2006)). The concept of path dependence identifies the sources of persistent ineffective institutions. The path creation perspective helps to go beyond deterministic conclusions.

The above mentioned theories are based on several approaches. Within the political economy approach, the focus is on power relations of political and economic actors in society. Herein, some theories advocate a special role of the state as a pool of resources and a possible driver of change (Chang (1997, 2002); Evans, Rueschemeyer and Skocpol (1985); other theories promote the growing importance and potential of non-state governance (Leach and Scoones (1999, 2003); Edwards and Hulme (1995, 1999); Edwards (2001); Clark (2001); Scott (1990); Vira and Jeffery (2001); Agrawal and Gibson (1999); Cashore, Auld, Bernstein and Newsom (2007)). These theories address the questions: Where do the structural obstacles to institutional change come from? Who initiates the process of institutional innovation and why?

Despite its power, the institutional perspective is not necessarily able to provide insights into interaction of humans and nature, one of the major reasons being the highly economistic and individualistic nature of many recent institutional studies (e.g., the New Institutional Economics). Environmental approaches (e.g., human ecology and political ecology) recognise the inextricable link between the social and the natural in the process of institutional change.

The above mentioned frameworks of embedded agency (structure vs agency) and path dependence (or path creation) are useful for understanding the ongoing processes in the Russian forest sector. However, to my knowledge, these concepts have not been used to analyse forest reforms in Russia yet.

Perceptions of the Russian case sometimes differ in the West and in Russia itself. Therefore, it is necessary to compare Western and Russian views on institutional change. We believe that a comprehensive analysis of the socio-economic and political reality in Russia that encompassed the above mentioned approaches may contribute to a clear understanding of the challenges of modernization that the forest sector is facing today.

Research Question

The main research question of the thesis is: How and why do institutions change in the Russian forest sector?

This question is answered by examining the process of development of formal and informal institutions, with a specific focus on how institutional innovations come into being, what prevents certain institutions from coming into being, and what makes certain factors determinant for particular trajectories of development in the forest sector.

In order to address the main research question, this study aims to provide a comprehensive description of major social, economic, political and environmental processes in the Russian forest sector today as a result of both the state forest reform and various actions of non-state actors, as well as an analysis of obstacles to institutional change. We consider in separate sections the following parallel processes: 1) forest reform carried out by the state since 2000⁶; 2) model forests and 3) voluntary forest certification – the latter two advanced mostly by NGOs and private companies. The first two chapters provide the conceptual and analytical framework and refer to the relevant sociological and institutional theories. The research question is placed within the regional and historical context. Major development patterns of the Russian forest sector are set out. The discussion moves from general sociological and

⁶ On the 17th of May 2000, the President of the Russian Federation V. V. Putin signed the decree № 867, which dissolved the Federal Forestry Service (Rosleskhoz) and the State Committee for Environmental Protection, and delegated their functions to the Ministry of Natural Resources of Russia. According to the Decree of the President of the Russian Federation of May 12th 2008 № 724, the Ministry of Natural Resource of the Russian Federation was transformed into the Ministry of Natural Resources and Ecology of the Russian Federation. Control of Specially Protected Natural Areas of federal importance was delegated to the Ministry.

institutional analysis of structure, agency and natural environment to the Russian case and the case of forestry in particular – history of the Russian forestry and state-society interaction (as a larger context for studying forestry development).

In chapters five through seven, the recent institutional development is studied; data collected during fieldwork in different parts of Russia is presented and analysed.

CHAPTER ONE: LOCATING ENVIRONMENT IN SOCIOLOGICAL THEORY

To understand how institutions change in the Russian forest sector, one needs to turn to theories of societal change. There are two important points one should make here. First, society provides a broader socio-economic and political context for changes in the forest sector. Development of the forest sector is closely linked to social, political and economic changes in the country. The latter are, in turn, predetermined, to a great extent, by the nature of interaction between individual and society. Traditional sociology is able to provide deep insights into environmental issues and problems of natural resource management, for it helps understand human behaviour and the incentives behind it. The analysis below starts with classical sociology and different approaches to the opposition ‘individual–environment’, where, roughly speaking, the individual stands for agency and the environment for structure.

Second, the interplay of human actors and the social environment is necessary but not sufficient, due to its anthropocentrism, to fully explain changing interactions between humans and nature (Hardin, 1998: 683). One needs to make a move from the ‘sociology of environment’ to ‘environmental sociology’ and include nature into the system ‘individual-environment’. One needs to use classical sociology as a platform and move further from environment in a strictly sociological sense to environment as ‘ecology’ (Guha and Martinez-Alier, 1997: 22). The notion of environment needs to be extended to include both the social and the natural components. The ‘individual–social environment’ framework of analysis needs to be replaced by the ‘individual–social environment–natural environment’ paradigm (for studies that link issues of society and forestry see e.g. Leach (2008); Fairhead and Leach (1997); Leach, Mearns and Scoones (1999); Sivaramakrishnan (1995); Eckersley (1992); Johnson and Forsyth (2002)). This ‘societal-environmental dialectic’ is a complex one, for nature appears both as an ‘actor’ shaping social environment and individuals and also as ‘environment’, which is being affected by individuals and social norms. Individual, nature and society co-evolve and present interdependent parts of one whole. Analysis of changing nature resource management has to take into consideration the fact that physical environment, social organisation and individual behaviour interact in a reciprocal way.

In the chapter below, we shall follow how traditional sociology (within different schools of thought) reflects on issues of structure and agency and also how it is elaborated to encompass societal-environmental relations. Authors and schools are discussed in the following order: We start with Max Weber, Karl Marx and Emile Durkheim - as the fathers of modern social thought - and then move on to later theories of Pierre Bourdieu, Juergen Habermas and Michel Foucault. Lastly, we consider theories that attempted to integrate the perspectives of the above mentioned researchers.

1.1 ‘Methodological Individualism’

One of the most prominent social theorists who emphasized the dichotomy ‘society-individual’ and discussed the degree of and limitations to individual freedom and ability to have one’s own motives and make independent decisions, was Max Weber. Max Weber introduced the framework of ‘*interpretative understanding*’, or ‘*methodological individualism*’. Within this framework, an individual is regarded as part of various social systems and collectivities, such as states, state bureaucracy, associations, business corporations, foundations, etc. In this sense, Weber certainly admits the existence of social structure:

‘The subjective interpretation of action must take account of a fundamentally important fact. These concepts of collective entities ... have a meaning in the mind of individual persons, partly as of something actually existing, partly as something with normative authority. ... Such ideas have a powerful, often a decisive, causal influence on the course of action of real individuals.’ (Weber, 1978: 14)

An individual is opposed to social collectivities, and Weber’s emphasis is rather on individuals. The above mentioned collective social entities are regarded as ‘*modes of organisation*’ and outcomes that result from ‘*particular acts of individual persons*’.

‘Action in the sense of subjectively understandable orientation of behaviour exists only as the behaviour of one or more individual human beings. ... both for sociology in the present tense and for history, the object of cognition is the subjective meaning-complex of action.’ (Weber, 1978: 13)

Individuals are considered as the only agents of action (Weber, 1968: 13). Society is regarded as a process of human interaction, where human beings act in a maximising behaviour.

Weber's perspective was applied later on by researchers to different areas of societal development and had a particularly significant impact on environmental sociology and studies of societal change as related to natural resources. Raymond Murphy (1994, 2002) established a neo-Weberian environmental sociology (*'ecology of social action'*), which represented a *'trend away from systems sociology to human-agency sociology'* (Murphy, 1994: 688).

'Environmental problems created by humans constitute a poignant illustration of spontaneous human actors unintentionally unleashing dynamic processes that trap them, namely, the systemic processes of nature.'
(Murphy, 2002: 74)

Following Weber, Murphy admits the causal significance of non-social factors for social processes and gives an important place to *'creative voluntary action in determining outcomes'* (Murphy, 2002: 73). Murphy extends Weber's theory of social action to analyse cultural change in relation to environmental problems.

According to Weber, *'action is social insofar as its subjective meaning takes account of the behaviour of others and is thereby oriented in its course'* (Weber, 1978: 4).

'Social action ... may be oriented to the past, present, or expected future behaviour of others ... The others may be individual persons, and may be known to the actor as such, or may constitute an indefinite plurality and may be entirely unknown as individuals'. (Weber, 1978: 22)

Murphy elaborates on this definition of social action and uses it to explain the turn of societal thinking towards environment:

'In practice, however, the needs of future generations have not been taken into account in this generation's own consumption. Those needs have not promoted saving, in particular of the environment, by the present generation. Up to now, humans have been oriented only to present and past humans. ...

Social action does not have to be oriented only to immediate others in space or in time. It can also be oriented to future others...' (Murphy, 2002: 87-88)

Another interpretation of Weber's work in relation to natural environment has been offered by Melissa Leach, Ian Scoones and James Keeley. They argue that Weberian perspective on society provides an insight into existing weaknesses and difficulties of natural resource management. They argue that a new, in essence Weberian approach, should be applied to make the community-based natural resource management more effective.

'Actors involved in the policy process – whether field-level extension workers or senior officials in ministries – are seen to have a degree of discretion and choice in their actions, although their actions are perceived as occurring within socially embedded networks and cultural settings.' (Keeley and Scoones, 2003: 34)

They criticise structural and functionalist approaches and emphasize '*actors, action and agency*'. Communities are considered as '*people who actively monitor, interpret and shape the world around them*', although they are constrained by structures, rules and norms around them. Actors are believed to have the potential to '*change the system and perhaps, in time, remake new rules*' (Leach, Mearns and Scoones, 1999: 230-231). It is argued that in order to improve community-based natural resource management, policies should move away '*from generalized community support*' towards '*far more explicit partiality*' and recognising differential interests of individual actors (Ibid: 241).

While the Weberian framework serves to study the role of individuals, the structuralist approach brings to light the context of action and limitations of agency.

1.2. Structuralism

Materialist Structuralism

Karl Marx employs a structuralist approach and puts an emphasis on the social environment of individuals and socio-economic structure as a source of transformation. Relations of production are argued to constitute '*the economic structure of society, the real foundation, on which rises a legal and political*

superstructure and to which correspond definite forms of social consciousness' (Marx, 2003: 425). For Marx, economic structure of society, material production and material conditions (*'the social being'*) predetermine the nature of individuals and their actions (the *'consciousness of men'*). Social life is considered to be nothing else but a material production process (Marx, 1977, 2003).

'... if it is man as already living in some form or other of society ... then it is necessary to begin by describing the specific character of this social man, that is the character of the community in which he lives because its production – the process that enables him to earn his living – already possesses a certain social character.' (Marx, 2003: 629)

Marx leaves no room for human agency and argues that individuals are by no means free to choose a particular form of their society, but rather *'enter into definite relations that are indispensable and independent of their will'* (Marx, 2003: 425). The structure, i.e. socio-economic system of material production, determines all. According to Marx, it is not individuals but social classes (wage-labourers, capitalists and landlords (Marx, 2003: 386, 544)) that exist:

'The individual and isolated hunter or fisher ... belongs to the insipid illusions of the eighteenth century.' (Marx, 2003: 380)

The social reality, as interpreted by Marx, is not a sum of individual wills and personalities, but rather a primarily economic structure with institutions that constrain, shape and predetermine individual human interests and incentives.

The place of nature in the Marxist work is not an unambiguous one. On the one hand, Marx describes nature as something to be appropriated by men and as merely a means of production and satisfaction of men's needs (Marx, 2003: 383, 629-630).

'That man's physical and intellectual life depends on nature merely means that nature depends on itself, for man is a part of nature. ... Life itself appears merely as a means to life.' (Marx, 2003: 89-90)

On the other hand, Marx recognises the inextricable link and material exchange between nature and human beings, dependence of men on nature:

‘The worker can create nothing without nature, the sensuous exterior world. It is the matter in which his labour realizes itself, in which it is active, out of which and through which it produces.’ (Marx, 2003: 87)

Hence, the relationships between environmental studies and Marx’s work are diverse. At one extreme, there are environmental sociologists who agree that Marx’s thought is anti-ecological and indistinguishable from Soviet practice and ideology and exploitation of nature and distance themselves from Marxism. Murphy (1994) points to the ecological problems of socialist countries in the 1950s to 1980s as evidence for the fact that the essence of Marxism has been the disregard of the environment and a posture of dominion over the natural world.

At another side of the spectrum, environmental sociologists have an affinity to Marxism. It is caused partly by the fact that environmental sociology and Marxism both tend to be critical of prevailing capitalist institutions and social arrangements. Partly, it is caused by the circumstance that both frameworks are materialist – they both emphasize that understanding of human life requires uncovering of material substratum of societies (Dunlap, Buttel, Dickens et al, 2002). Another uniting factor is that Marx placed alienation of the worker not only from the product of one’s labour and from the act of production inside labour, but also alienation from nature, at the centre of his theory (Marx, 2003: 90; Dickens in Dunlap, Buttel and Dickens et al, 2002). Capitalism divided practical knowledge (including knowledge of nature) from abstract knowledge, placing the latter in the hands of scientists and managers and, thus, marginalising popular knowledge (Dickens in Dunlap, Buttel and Dickens et al, 2002).

Moreover, Marx stands as a significant contributor to ecological perspective. An article focussing on Marx’ ecological contribution and advocating the relevance of Marxist theory for environmental sociology was written by Foster (1999). Foster argued that Marx’ views (*‘historical-environmental-materialism’*) took into account the coevolution and *‘metabolic relation’* of nature and human society and that Marx’s theory of metabolic rift offered important foundations for environmental sociology:

‘Neglected but crucial elements within Marx’s social theory offer firm foundations for the development of a strong environmental sociology. [In his later work, Marx] provided his systematic treatment of such issues as

soil fertility, organic recycling and sustainability... and in which we find the larger conceptual framework, emphasizing the metabolic rift between human production and its natural conditions.’ (Foster, 1999: 370)

Foster sought to demonstrate that Marx provided a ‘*powerful analysis of the main ecological crisis of his day*’, namely the problem of soil fertility within capitalist agriculture, the antagonism of town and country, and the necessity of ecological sustainability.

Idealist Structuralism

Similarly to materialist structuralists, Emile Durkheim also accepts the opposition ‘individual–society’. For Durkheim, the dichotomy of structure and agency reflects the dualism of human nature and its social conditions. However, unlike materialist structuralists, Durkheim regards human beings as bio-social beings and differentiates between two aspects of their psychic life: the personal (human body with its passions and egoistic tendencies); and the impersonal (ideas, rules of morality and concepts shared with a plurality of people and obligatorily imposed by society upon the individual) (Durkheim, 2005: 36 - 39). For Durkheim, society is a reality ‘*sui generis*’, which, due to its collective nature, has characteristics that are different from those of individuals that constitute this society:

‘As the association is formed it gives birth to phenomena which do not derive directly from the nature of the associated elements. ... Social facts are in a sense independent of individuals and exterior to individual minds.’
(Durkheim, 1974: 94-96)

Durkheim emphasizes that society is more than the sum of its parts and has its own nature and interests, which may differ from interests of individuals that constitute the society. He develops an argument that social facts are not reducible merely to individuals or their psychology.

At the same time, Durkheim acknowledges that ‘*individuals are the only active elements*’ (Durkheim, 2005: 35) in social life and that an individual is an ‘*autonomous centre of activity*’ (Durkheim, 1972: 195). Durkheim views the historical development of human society from traditional to modern as a process of ‘*individuation*’, i.e.

gradual development of individual rights, ideas, and personality (Ibid: 195). Nevertheless, individual action continues to be structured by the social environment: the consciousness of individuals is '*of social origin*'; it is penetrated and produced by the society (Durkheim, 2005: 35). The '*conscience collective*' is not completely eradicated, but rather transforms into other ideals, such as the '*cult of the individual*'. The individual remains '*in some respect himself the product of the state*', for the state institutes rights of the individual (Durkheim, 1972: 196).

Emile Durkheim brings the political aspect of societal structure ('political society' and the state) into the debate. According to Durkheim, an important factor of the individual–society interaction is the political regime and the form of government, namely whether the '*government consciousness*' is isolated from or close to the rest of the society:

'The closer communication becomes between the government consciousness and the rest of society, and the more this consciousness expands and the more things it takes in, the more democratic the character of the society will be.' (Durkheim, 1986: 59)

Durkheim's understanding of sociology and his notion of '*social facts*', whereby '*the determining cause of a social fact must be sought among antecedent social facts*' (Durkheim, 1982: 134-135) (and hence the implied refusal to relate social reality to any other factors, be it individual consciousness or bio-physical phenomena), put his work in opposition to environmental sociology. Durkheimian sociology contributed rather to a socio-cultural deterministic approach.

Nevertheless, some researchers regard the views of Durkheim as insightful for explaining human-natural relations. Thus, Durkheim's theory found further development in the work of William R. Catton, one of the most influential Durkheimian environmental sociologists, and Frederick H. Buttel, who argued that Durkheim's work (in particular, *Division of labour in Society*) to a great extent provided basis for macrosociological analysis of the relationships between societies and their natural environment (Catton and Dunlap, 1978; Dunlap, Buttel, Dickens et al, 2002).

'Constructivist Structuralism'

Pierre Bourdieu proposes not so much an economic or political (as Marx and Durkheim do), but rather an anthropological perspective on society and constructs a theory of social space.

'The social world can be represented as a space (with several dimensions) constructed on the basis of principles of differentiation or distribution constituted by the set of properties active within the social universe in question, i.e. capable of conferring strength, power within that universe Agents and groups of agents are thus defined by their relative positions within that space.' (Bourdieu, 1985: 723-724)

He distances himself from Marxism and insists that *'there has to be a break with the economism that leads one to reduce the social field, a multi-dimensional space, solely to the economic field, to the relations of economic production'* (Bourdieu, 1985: 723). Bourdieu argues it is not social classes that exist, but rather social space, in which agents are distributed according to their economic and cultural capital (Bourdieu, 1989: 21).

Bourdieu argues that reality should be understood not only as substances (individuals and groups), but also as, often unseen, relations (Bourdieu, 1989: 15). He defines social groups on the basis of their habitus, which, unlike social positions and practices, cannot be observed directly. Habitus is a certain *'logic of practice'*, which is learned by actors unconsciously and guides their future behaviour. For Bourdieu, agents are self-interested, strategic actors who *'construct their vision of the world'*, but under structural constraints (Bourdieu, 1989: 18). He considers the 'structure-agency' dichotomy in a dialectical way, where both elements have equal weight. Objective structures form the basis for subjective representations of agents, and at the same time, subjective representations *'must also be taken into consideration particularly if one wants to account for the daily struggles, individual and collective, which purport to transform or to preserve these structures'* (Bourdieu, 1989: 15).

Bourdieu refers to his work as *'constructivist structuralism'* or *'structuralist constructivism'* and shows that external structures are internalised in the mental

structures of agents and, hence, in their behaviour; whereas interactions of actors are externalised into the social relationships in the field (Bourdieu, 1989: 14).

Bourdieu analyses the process of social change in terms of '*symbolic power*' (i.e. the power of world-making through words) and '*symbolic struggles*'. Differences in the '*symbolic capital*' of actors form a basis for '*symbolic struggles*': '*both the individual struggles of everyday life and the collective, organized struggles of political life*'. These are struggles for the '*production and imposition of the legitimate vision of the social world*' (Bourdieu, 1989: 22; Bourdieu, 1985: 723). Objective relations of power reproduce themselves in relations of symbolic power (Bourdieu, 1989: 21). The problem of social reproduction is placed at the forefront of Bourdieu's research. Agents act in order to reproduce existing structures. So, a social change would imply not only change of the objective 'structure', but also change in actors' habitus, their cultural capital, behaviour preferences and ways in which power is produced.

Bourdieu's approach to the structure-agency problems was later employed to the study of mankind–nature interaction. Thus, Paul McLaughlin (2001) made an effort to develop a framework that would integrate structure, agency and environment.

'An ecology of social action' 'merges organizational ecology and resource mobilization theory's insights into structure-environment interactions with constructivists' attention to agency, language, culture and power. The concept of a socially constructed adaptive landscape is put forward as a central metaphor for linking the ecological and constructivist traditions.'

(McLaughlin, 2001: 12)

Whilst analysing the '*co-evolving cultural understandings, organisational forms, and resource constraints*' (McLaughlin, 2001: 24), the author aimed to merge the structuralist tradition of Marx and Durkheim with the subjectivist paradigm of Max Weber.

James Keeley and Ian Scoones (2003) draw on Bourdieu's theory of practice and agency to study environmental policy change. They reject the more structural frameworks traditional for political economy literature with its focus on interest groups and '*policy communities*' (Keeley and Scoones, 2003: 31). They argue that '*expressions of agency through repeated practice may result in both intended and*

unintended outcomes' (Keeley and Scoones, 2003: 34). The latter has serious implications for policy-making, for it questions the possibility of '*predictable, rational and linearly planned intervention or policy-making*' (Ibid: 34).

Bourdieu's theory of practice and symbolic power was also applied to studies of conflicts around natural resources (see e.g. Sivaramakrishnan (1995) on Indian colonial forestry). The notions of symbolic struggle and symbolic power served as tools to explain the dialectical relationships between cultural constructions of nature and historical circumstances in which human agents are placed; '*articulation of hegemonic and counter-hegemonic discourses*' of forests (official discourse and discourse of resistance) (Sivaramakrishnan, 1995: 33); relations of power and how they lead to creation of different systems of meanings and certain ideologies, as well as how these ideologies are then turned into '*hegemonic structures*'.

While structuralism deals with limitations of individual agency, several other major theories (as elaborated below) draw attention to the close interrelation of structure and agency.

1.3 Theory of 'Communicative Action'

A new, political step in the subjectivism–objectivism, or structure–agency debate found reflection in the writings of Juergen Habermas. Habermas rejects the above mentioned dichotomies and '*conceives of society simultaneously as a system and as a lifeworld*' (Habermas, 1989: 165-166). The structure is represented by the state, and the lifeworld is what Habermas calls the '*public sphere*', or a '*sphere of non-governmental opinion making*', a '*sphere of private individuals assembled into a public body*', a space for critical discussion open to everyone (Habermas, 1974: 52). '*The public sphere as a sphere which mediates between society and the state, in which the public organizes itself as the bearer of public opinion...*' makes possible the democratic control of state activities (Ibid: 50). The state and the public sphere do not overlap, but rather confront one another (Ibid: 49). The public sphere is a way to counterbalance the state power through mass media and free critical discourse.

Habermas puts an emphasis on the human factor and calls for a transformation of the very nature of power in society. He insists that power should be acquired through '*communicative action*' (Habermas 1974; 1975), in conditions when proceedings have

been made public. At the centre of analysis are the concepts of an '*individual's competence in speech and action*', '*ideal speech situation*' and rationality (Habermas, 1975: 294). Habermas proposes communicative action and self-governance as a non-oppressive method of social change instead of revolutions and class struggle. This mode of social change is only possible if institutions do not manipulate the individual, but rather are shaped by open public discussion.

It is noted that the very concepts of public sphere (as a space outside of control of the state) and public opinion emerged only in the XVIII century. This culture replaced the previous European form of publicity: representation of authority performed by monarchs and nobility (Habermas, 2005: 7; Habermas, 1974: 50). Habermas emphasizes how certain historical conditions (different stages of capitalist development) can trigger formation of the new discursive public sphere, where communicating citizens are engaged in a rational-critical discourse, and, thus, change the role and potential of individual.

However, certain conditions can result in deterioration and distortion of the public sphere in an industrially advanced mass democracy in the form of the social welfare state: commercialisation of mass media, consumerism, passive attitude, blurring of boundaries between private and public ('*mutual infiltration of public and private sphere*' (Habermas, 2005: 141)), the lifeworld and the system. Habermas admits that today the public sphere is weak, and the structure is predominant. The outcome of the battle between structure vs individual agency ('*between critical publicity and one that is merely staged for manipulative purposes*' (Habermas, 2005: 235)) is unknown yet.

Habermas' critical theory and his defence of the competent and independently thinking individual has been a basis and inspiration for a whole civil society debate later on, as well as numerous studies of democracy and the relationship between state and society. The latter discussion about society and state finds significant elaboration in the works of Mark Granovetter and Gary Becker.

Granovetter, the 'father' of the social embeddedness concept, stresses the importance of finding an appropriate middle ground between two extreme views on drivers of human behaviour, namely rationality and freedom of decision-making on the one hand and embeddedness of decisions within social relationships on the other.

‘Actors do not behave or decide as atoms outside a social context, nor do they adhere slavishly to a script written for them by the particular intersection of social categories that they happen to occupy. Their attempts at purposive action are instead embedded in concrete, ongoing systems of social relations.’ (Granovetter, 1985: 487)

Along the same lines, Becker notes that the concept of an independent, rationally thinking individual can be useful for the analysis at the micro level, whereas macro analysis of group behaviour should take into account limitations of the rational choice and structural factors, such as *‘technologies and other determinants of opportunities, equilibrium in market and non-market situations, and laws, norms, and traditions’* (Becker, 1993: 402). Herewith, Becker emphasizes several crucial factors for the analysis of institutional development: individual as a relatively independent agent; available technological and material resources; pre-existing formal and informal institutions that are already in place; and current economic situation.

The theory of communicative action has been extensively applied to the studies of environmental policy and development; authors (e.g., see Skollerhorn 1998; Mathews 1996) have argued about which political regimes are most adequate for addressing environmental issues, and many of them agree that *‘democracy in some form’* is *‘our best hope for true environmental sustainability’* (Mathews, 1996).

Habermas’ work has been criticised by ‘green’ political theorists for its anthropocentricity and *‘instrumental rationality’* (see e.g., Eckersley 1990, 1992, 2004). Robyn Eckersley draws attention to the anthropocentric / ecocentric cleavage within emancipatory thought (Eckersley, 1992: 26 - 32) and urges to put emphasis on the natural world not in instrumental sense (*‘i.e., as the medium for human labour, the ground of human activity, and the means of human self-realization’*), but as a value in itself (Eckersley, 1990: 740).

Eckersley (2004) builds on the work of Habermas and explores how the democratic constitutional state could be transformed in ways that maintain an optimal relationship among civil society, the state and the public sphere. Eckersley regards ecological crisis of the modern world as a *‘crisis of participation’* (Eckersley, 1992: 179) She insists on a socially and ecologically inclusive approach to democratic decision making, or a *‘critical political ecology’* (Eckersley, 2004).

1.4 'Power Analytics'

Michel Foucault proposes a different framework to analysing the nature of society and its dynamics. Foucault suggests that the analysis should be not in terms of structure versus agency, but focussing on the notion of power, which explains the close interrelation of structure and agency, as well as mechanisms of reproduction of structure. The exercise of power is defined as the '*way in which certain actions may structure the field of other possible actions*' (Foucault, 1982: 208). Power is analysed '*as something which circulates, or rather as something which only functions in the form of a chain*': '*it is never localised here or there, never in anybody's hands, never appropriated as a commodity or piece of wealth*' (Kelly, Foucault, Habermas, 1994: 36). It is conceptualised as a network that is deeply rooted in society and traverses all layers of society and all situations of communication. Power relationships represent, in a way, societal structure, which defines political, economic and institutional layout.

'Power is employed and exercised through a netlike organisation. And not only do individuals circulate between its threads; they are always in the position of simultaneously undergoing and exercising power. They are not only its inert or consenting target; they are always also the elements of its articulation. In other words, individuals are the vehicles of power, not its points of application.' (Ibid: 36)

This means that power relations (as structure) shape actors' ability to choose between alternative types of behaviour. Importantly, power is considered to be not so much a repressive and censoring force, but rather a productive mechanism, which produces discourse, desire and knowledge: '*truth power/knowledge*' (Foucault, 1975).

At the same time, Foucault stresses the agency, which produces and maintains these structures of power. It is micro-powers that are exercised in daily life and run through the whole societal body, rather than power of state apparatuses, ideologies or any other forms of power. Foucault believes one must '*eschew the model of Leviathan in the study of power*' (Kelly, Foucault, Habermas, 1994: 40), since power is not localised in the state (Foucault, 1975). Hence, in order for societal changes to take place mechanisms of power '*outside, below and alongside*' the state apparatus must change first of all (Foucault, 1975).

Foucauldian theory has found reflection in later studies of environmental policies. Thus, James Keeley and Ian Scoones use Foucault's concepts of discourse and power and consider environmental policy making as a discursive phenomenon, and individuals as subjects of policy making.

'Interests are socially constructed; political conflicts look different depending upon where you stand and they change as discourses shift. Likewise, actors' agency makes sense only within the context of broader narratives and frames of reference.' (Keeley and Scoones, 2003: 39)

They argue for a more inclusive environmental policy making process, which would give more weight to marginalised voices and make their discourses and narratives more powerful (Keeley and Scoones, 2003: 179).

Political ecology has seen a significant influence of Foucauldian thought. Thus, Tim Forsyth (2003) formulated a new agenda for political ecology on the basis of Foucault's social analysis and his concepts of discourse, knowledge and power.

'Ecological discourses form important structuring devices for environmental politics, as well as opposition between state, society and economy.'
(Forsyth, 2003: 271)

Forsyth called for more attention to the connection of politics and environmental 'truths', to the '*hidden politics within the scientific discourses of ecology*' (Ibid: 271). He argued that a '*greater public participation in the formulation of environmental science*', rather than '*simply the access to science*' would help separate politics from environmental reality, and to understand how discourses of environmental degradation are influenced (Ibid: 271, 278-279).

1.5 Integrative Approaches and a 'Resource Model'

The recent literature aims to integrate the above discussed approaches (objectivist and subjectivist). Researchers tend to unite in their rejection of the dualism 'methodological individualism' vs 'methodological collectivism' as reductionist approaches (e.g. see for an overview Hodgson, 2004).

‘What is required is a framework within which the transformation of both individuals and structures can be explained. ... Their co-evolution must be examined, without conflating one into another.’ (Hodgson, 2004: 39)

However, in practice, it is not a simple thing to do. Mahoney and Snyder (1999) address the conceptual difficulties of achieving a synthesis of the ‘voluntarist’ (with emphasis on choices and strategies of key actors) and ‘structural’ (with emphasis on class, sector, world-systemic political economy features) perspectives.

‘An integrative approach should employ the methodological and theoretical building blocks of both. Integrative approaches are defined by use of both subjective evaluations of actors and objective conditions as primary causal variables; a focus on temporally proximate and remote factors; a methodological concern with case-specific and general causes of regime change; and an emphasis on multi-level explanations that span micro and macro levels of analysis.’ (Mahoney & Snyder, 1999: 10-11)

It is argued, however, that integrative models often fail to specify the causal weight of agential and structural variables and therefore ‘*privilege agency and structure indiscriminately*’ (Mahoney & Snyder, 1999: 21; 24). Besides, integrative models often rely on a ‘*correlational model*’ of causality.

‘In a correlational model, explanation is achieved by showing an event to be a type of occurrence associated or regularly conjoined with specified factors, conditions, or state of affairs...’ (Mahoney & Snyder, 1999: 23)

Instead of the agency- or structure-focused models, Mahoney and Snyder offer a ‘*resource model*’, wherein structures are considered as resources and human agency as ‘*the capacity to appropriate and potentially transform structural resources in a self-conscious, reflexive manner*’ (Mahoney & Snyder, 1999: 24-25). This framework highlights that structure simultaneously enables human agency (by providing tools actors use to pursue their goals) and constrains human agency (‘*not by obstructing, but by making available a finite repertoire of tools for action*’, ‘*by delimiting the range of possible projects*’) (Mahoney & Snyder, 1999: 24-25). In the resource model, structure and the available range of tools can be potentially modified and improved (Ibid: 25). It is emphasized that actors are able to choose how to use

structural resources and potentially improve these resources ‘*in response to changing situations*’ (Ibid: 25).

A ‘resource’ approach is also taken by the Russian Novosibirsk sociological school (e.g., Shabanova, 2006): institutions in a society are regarded as a result of agents’ activities, who have 1) different interests, and 2) different volume and structure of resources (limitations). So, actors are considered not as homogenous or equal, but rather as subjects who differ according to resources available to them. The resources may include: economic (such as income, savings, professional qualifications, etc), political (ability to influence the change of formal-legal rules, choice of state policies, etc), administrative (favourable attitude of state officials who issue licences, impose bans, make decisions on preferences, government contracts, carry out audits, etc), coercive (formal and informal, such as opportunities to use resources of the Ministry of Internal Affairs, or private protection agencies) cultural (business ethics, inclination to innovations, responsibility, working culture, legal awareness, value of economic activities for the population, etc), and social (goodwill, image in a non-business community, inclusion into professional associations and social networks).

This ‘resource’ model represents a generalisation of previous writings. Thus, as we have shown above, Becker (1993) argues basically the same. The model of Mahoney and Snyder is better formulated. It highlights the role of all the technological, economic, social, political factors and institutional environment as resources. And importantly, this model acknowledges the ability of human actors, although being affected by those resources, to purposefully transform those.

Conclusion

The debate about the mode of societal change is to a great extent a debate about the opposition of an acting individual and environment (or structure of the world one lives in). The debate starts with a rough dichotomy ‘individual-society’, where individual stands for agency, whereas society or state stand for structure that constrains agency. The ‘voluntarist’ position (Weber) is that collectivities and social structure result from individual action. The ‘structural’ position is that economic structure and mode of production (Marx), socially shared ideas and beliefs (Durkheim), practices and habitus (Bourdieu), state and political regime (Habermas),

power relations and discourses (Foucault) determine individual behaviour. Later on, the debate develops to combine these approaches and offer an integrative perspective on agency-structure interdependence (Granovetter; Becker; Mahoney and Snyder; Hodgson). One arrives at the notion of relatively independent agency: on the one hand, the range of possible behaviour patterns of actors is shaped and constrained by the available 'structural' resources; on the other hand, actors are able to modify and improve those political, economic, cultural, technological, etc resources. Structure and agency co-evolve. The question 'How do structure and agency co-evolve?' is, however, left to further studies.

Elements of social thinking such as the concepts of 'individual', 'society', 'practice', 'action', 'discourse', 'social space', 'power', etc have been predominant in the area of environment, including research into developments in the forest sector. We believe that an integrative approach, which combines micro- and macro-levels of analysis, has a potential for providing insights into societal transformation. Therefore, we attempt to analyse the core elements of structure (including the state, political and socio-economic practices, power relations and structure at the level of 'mentality'), and identify sources of potential agency (e.g. amongst non-state actors), i.e. how individuals and organisations become engines of change, and how these affect the dynamics of structure in the forest sector in Russia.

CHAPTER TWO: INSTITUTIONAL CHANGE AND NATURAL RESOURCE MANAGEMENT

2.1 Why Institutions?

Societal change cannot be explained merely in terms of ‘structure versus agency’. This framework leaves unattended some big questions, namely: How do structure and agency interact and co-evolve? Under what conditions do agents have an incentive and are capable of changing the existing structure and improve its performance? What particular individuals or groups, among all members of a society, are in a better position to change structure and how do they get into that position? We need a better definition and deeper understanding of structure, how it emerges from interactions of individuals and through what mechanisms it affects human behaviour. This is where an institutional, multidisciplinary perspective may provide valuable insights. See, for instance Baland and Platteau (1997) and Ostrom (2000), who address the potential of agency and attempt to identify key factors that affect the likelihood of successful collective action⁷.

Over the last three decades, the institutional perspective has been developing mostly within a framework of the new institutional economics (NIE). The NIE research has mainly focussed on two issues: the determinants of societal structure (‘institutions’, i.e. formal and informal rules that shape human behaviour) (Williamson, 2000) and impact of institutions (via property rights (Alchian and Demsetz, 1973; Libecap, 1994) and transaction costs (Coase, 1937)) on economic performance and well-being (Alston, 2008).

In relation to natural resource use and environment, Gary Libecap’s work on the institutions of property rights has been very influential.⁸ Libecap examines how

⁷ Elinor Ostrom (2000) challenges the view of Mancur Olson (2001) and defends the ability and propensity of actors to cooperate in certain institutional, cultural and biophysical contexts. The results of Ostrom’s institutional studies, unlike purely structure-agency research, have important practical policy implications: ‘Increasing the authority of individuals to devise their own rules may well result in processes that allow social norms to evolve and thereby increase the probability of individuals better solving collective action problems.’ (Ostrom, 2000: 154)

⁸ In theoretical and empirical literature, four main property rights regimes are discussed in relation to natural resource management: no property (open access); common property; state property; and private

different property rights are contracted for, how they define the key actors and impact on the performance of an economy and resource use. First, *‘property rights institutions structure incentives for economic behaviour’*. Second, *‘by allocating decision making authority, the prevailing property rights arrangement determines who are the actors in the economic system’* (Libecap, 1994: 10). In this respect, two issues should be mentioned. First, Libecap considers private, voluntary solutions to environmental and natural resource issues:

‘The analytical framework is a very microoriented one. It focuses on the political bargaining or contracting underlying the establishment of change of property institutions, and it examines the motives and political power of the various parties involved.’ (Libecap, 1994: 10)

In this sense, Libecap, similarly to other NIE researchers (see e.g., Williamson, 2000; Menard and Shirley, 2008), employs an individualistic approach and puts human actors with their incentives, intentions, bounded rationality, *‘capacity for conscious foresight’* (Williamson, 2000: 601), opportunistic behaviour, mental models and different aspects of cognition at the centre of research. The impact of institutions on agency has been left largely unregarded. As it has been rightly noted, although the NIE scientists claim to adhere to individualist methods, *‘methodological individualism is never actually achieved’* (Hodgson, 2004: 22), for *‘the strict and narrow methodological individualist has a problem of potentially infinite regress: attempts to explain each emergent layer of institutions always rely on previous institutions and rules’*, which also need to be explained by previous institutions (Ibid: 21).

The second issue that needs to be emphasised with regard to Libecap’s and a number of other NIE studies is their strong focus on economic concepts and perspectives. The

property (for an overview see e.g., Kissling-Näf and Bisang, 2001). There is no consensus on any property system per se as a better one than the other regulative systems: the choice of property regime must be based on the characteristics of the natural resource under consideration (see e.g. a discussion in Bromley 1990). What researchers do agree on is the importance of secure and well-defined property rights, no matter what they are (e.g. Deacon, 1999; Alston and Mueller, 2003; Libecap, 1994; Anderson and Libecap, 2005; Deacon and Mueller, 2006).

NIE researchers analyse institutions and their determinants mostly by the tools of economic theory and such concepts as efficiency and distribution (Williamson, 2000: 595 - 611). The NIE does not abandon the neoclassical economic theory, and works around scarcity and competition (Menard and Shirley, 2008). In the words of Williamson (2000), the NIE has been primarily concerned with economics of property rights / positive political theory ('formal rules of the game'), as well as transaction cost economics ('play of the game'). It is also well connected to the neoclassical economics / agency theory. However, it leaves the '*social embeddedness level*' of social analysis very underdeveloped and considers it as given (Williamson, 2000). The '*social embeddedness level*' comprises informal rules of the game, customs, religion, traditional power relations etc. The multiplicity of institutional relations that people are engaged in at any time has not yet been taken into account by institutional economists properly. As Bowles and Gintis (1993) argue, social science should go back from economics to 'political economy'. The authors emphasize that recent studies have focused on the '*difficulties involved in policing and enforcing the actual process of market exchange*' (Bowles and Gintis, 1993: 83). However, '*there is no market, for example, in the quality of work for most occupations. Similarly, there is no market in the non-observable risk-taking behaviour of managers. Williamson's assertion that the institutions emerging from a competitive process will be efficient or 'transaction cost minimizing' is equally unsustainable*' (Bowles and Gintis, 1993: 97). Similarly, Hodgson (2001) argues that it is not only '*provisioning institutions*' (i.e. those '*directly related to the production, distribution, acquisition and protection of the means of everyday life*' (Hodgson, 2001: 308)) that matter and define human agency, but also '*culture⁹ and other factors*' (Ibid: 309).

'Individuals act out their lives in a multiplicity of overlapping institutions, perhaps conforming to pervasive cultural attributes.' (Hodgson, 2001: 308)

These issues have only started to be addressed by historians, social scientists and some institutionalists, such as DiMaggio (1997) (analysis of culture and its implication for logics of action), Coleman (1987), Putnam (2004) and Dasgupta and Serageldin (2001) (studies of social capital, social networks and trust); Bowles and

⁹ 'Culture refers to traits that are prevalent in an entire group or community; while institutions are systems of rules that can span multiple, or divide individual, cultural groups.' (Hodgson, 2001: 297)

Gintis (1992), Leach, Mearns and Scoones (1999) (issues of power relations among economic agents, how power affects the meaning of institutions for different actors; and the role of political philosophy in analysing economic relationships); Nee and Ingram (2001) (analysis of social networks and their role in production of norms). These institutions, which have been mostly neglected by the NIE, define, to a great extent, the level and quality of agency and collective action in society.

Importantly, the narrow focus of new institutionalists on economics makes them overlook a number of issues related to the interaction of humans and nature. As it has rightly been pointed out, *'efficiency is consistent with a variety of economic transactions that are ethically unacceptable'* (Bromley, 1985: 793).

For the above mentioned reasons, it is clear that the NIE framework can be used as a basis for further studies of social change, however, it needs to be strengthened with a comprehensive research of social, cultural, political and historical (path-dependent) 'embeddedness' of human agency. The NIE needs to allow space for ecological concepts and perspective.

The institutional perspective is particularly relevant to the study of forest management (see e.g. the studies of Bromley (1985); Deacon and Mueller (2006), who explore the significance of political-economic institutions for different types of human behaviour in the area of natural resource use¹⁰; Gibson, McKean and Ostrom (2000), who analyse the ways local institutions modify the effect of factors thought to be the driving forces of deforestation¹¹), and especially so in the case of Russia. Since reforms of the forest sector have not been successful so far, one needs to find a leverage to improve the situation. One needs to understand the causes of failures,

¹⁰ Deacon and Mueller (2006) examine two cases of countries that both used to be rich in forest resources – Norway and Nigeria – to demonstrate the effect of different systems of governance on resource use. They relate institutions of property rights, rule of law, democratic representation, political stability etc to behaviour of economic and political actors (e.g. rent-seeking, violent conflicts, inclination to conserve resources etc) and, consequently, to different outcomes for natural resource management (e.g. underprovision of public goods, wasteful resource management) and their condition.

¹¹ *'Rare is the market, technological, demographic, political factor that affects individuals without first being filtered by local institutions ... The variation of local institutions ... discourages the view that template forest policies are likely to work when imposed on a country as a whole.'* (Gibson, McKean and Ostrom, 2000: 4 -5)

whether it is about lack of agency (e.g., low level of people's activity or deficit of leadership) or about some structural and institutional hindrances (e.g., excess of natural resources; location of resources; available technology; current economic situation; structure of the state machine; traditions of forest use; existing forest management institutions etc). It is important to identify major sources of agency, whether these lie with the state, central government, regional governments, bureaucracy, individuals, corporate sector, forest-based industry, contractors, communities, the judiciary, non-governmental organizations, conservationists, academics, or any other stakeholders.

It is essential to identify decisive structural institutional factors. Structural factors that may possibly determine the range of choices available to individuals and the respective transformation of forest management institutions are varied and multi-level. It is not only about factors mentioned above. In the Russian case, particularly in the light of the radical political transformations of the last twenty years, significant attention has also to be given to the bearing of politics on forest resource management and development of resource management institutions. The question of the state is particularly relevant to Russia, since '*the state was organized there before society, and it is the state that has organized society*' (Durkheim, 1986: 60-61). Political regime and distribution of power between individuals, state, and different societal groups shape particular forms of forest management, degree of public participation, etc.

2.2 Western Political Economy Perspective

2.2.1 Path-Dependence Theory

The questions we shall ultimately be looking at in my study are the following: what factors influence institutional change¹²? Why do ineffective institutions persist?

In the previous chapter, we referred to the social embeddedness concept, as well as the structure - agency debate. In the next two sections, let us examine 'structure' in more detail, namely the role played by socio-economic, political and cultural

¹² For an overview of such studies see, for example, Kleiner, 2004.

resources. Path-dependence¹³ theory serves as a counter to those forms of economic theory which posit that interactions between economically rational actors will lead to efficient outcomes (North 2005; Pierson 2000) and provides explanation of the widely observed phenomenon of persisting suboptimal and inefficient patterns of behaviour.

A classical definition of institutions belongs to Douglas North, namely institutions as '*rules of the game in a society*' (North, 2005). North (2005) explains the occurrence and persistence of ineffective institutions through the ratio of benefits to costs and changing relative prices of preferences. North's ideas were later elaborated in numerous path dependence studies (for an overview and criticism see Ian Greener, 2005; Ebbinghaus, 2005). It was demonstrated (Page and Bednar (2006)) that it is not only the set of past institutional choices that matters, but also the order in which institutions arose.

The role of path dependence in societal development has been widely elaborated by the prominent institutional economist Geoffrey Hodgson (2001). He addresses '*the problem of historical and geographical specificity*' (Hodgson, 2001: 24), which limits the explanatory power of general social theories. Hodgson insists that '*there are different types of socio-economic system, in historical time and geographic space*' and '*substantially different socio-economic phenomena may require theories that are in some respects different*' (Ibid: 354).

The path dependence theory is blamed for potentially being highly deterministic and unable to offer guidance as to how changes of path-dependence may be modelled (Crouch and Farrell, 2004: 11) to explain '*bounded innovation*' (Thelen, 2003). The research agenda has changed, and issues of path creation shifted the focus from path dependence. Path dependence theory in itself addresses neither the question of endogenous capacity for change, nor of how path-dependent development trajectories

13 The concept of path dependence was originally used to describe technological change - how the initial choice of technologies limits future options and innovations (Rosenberg, 1994). However, organisational and social path dependence have not been sufficiently elaborated yet. The NIE scholars have stressed the importance of treating technological and organisational innovation in a combined manner (Williamson, 2000).

interact with exogenously changing environments (Crouch and Farrell, 2004: 5-6; Ebbinghaus, 2005).

Therefore, the traditional theory of institutional path dependence is extended. It is argued that paths may be broken by actors in their efforts to respond to changed circumstances. The idea of hidden or dormant alternatives within repertoires already available to actors is put forward (Crouch and Farrell, 2004)¹⁴. Sources of institutional change include not only '*exogenous shocks or the transposition of logics across national systems*', but also endogenous resources. Established paths are '*littered with elements of alternative economic orders and abandoned or partly realised institutional projects*', which represent resources for endogenous transformation and off-path organization (Schneiberg, 2006). There is sufficient historical evidence that alternative paths and fundamental institutional transformation within a short time frame are possible (Schienstock, 2007; Crouch and Farrell, 2004).

The theory of path dependence has been applied to the case of Russian post-Soviet economic development by Hedlund (2005), who argues that history particularly matters in the Russian case. He demonstrates that the roots of post-1990 economic problems should be sought not only in the Soviet system, but also in Tsarist history. It is the path-dependence paradigm that can bridge the gap between the New Institutional Economics and empirical studies of the post-Soviet Russia.

Path-dependence approach has been applied to several studies of forest management (Mueller and Alston, 2007). However, this approach has been used only sporadically on Russian material. To my knowledge, there are no comprehensive studies of path dependence in the Russian forest sector.

2.2.2 *The Role of the State*

In order to understand what resources for institutional transformation are available, one needs to examine potential agents of change. In the post-Soviet period, when

¹⁴ For similar research and conclusions see Garud and Karnoe (2001) (In: Path Dependence and Creation) and their model of entrepreneurs as embedded path creators: '*they reject the conventional idea of entrepreneurs and innovators as completely original, even exogenous forces; entrepreneurs develop along the paths provided by history, but attempt mindfully to depart from it*' (In: Crouch and Farrell, 2004: 20).

Russian society plunged into liberalisation and welcomed freedom of speech and a market economy, there arose a new powerful layer of actors, namely non-state actors. However, due to a strong path dependence of Russian society and overwhelming role of the state in the pre-1917 and Soviet Russia, the position of state agencies remained strong. This prompts one to consider Western studies about the role of state and non-state actors in institutional development.

In his seminal work *Whither Socialism*, Joseph Stiglitz (1994) addressed the relationship of market and state in the society, particularly in transitional economies. He studied the '*failures of the neoclassical model*' (Stiglitz, 1994: 197) and pointed out that the optimal ratio of market to the state varies depending on the institutional set-up and is strongly related to the informational deficiencies in the society.

It is argued that the state and non-market political and economic phenomena, although being largely disregarded by the recent scientific research¹⁵, have a great impact on institutional diversity in societal systems. This view has been advocated by H.-J. Chang who proposed the 'institutionalist political economy' (IPE) approach as an alternative to the neo-liberal theory of the market and the state.

'The Neo-Liberal economists have found it difficult to admit that there are many ways for the state to intervene other than through taxes / subsidies and public ownership ... The international differences in the mode of state intervention is a major source of [institutional] diversity' (Chang, 1997: 27)

Institutionalist political economy rejects the assumption of market primacy, brings the political aspect back into economics and applies the political economy logic to the analysis of the market and the state. Besides, it '*is also an institutionalist approach, it emphasizes the temporal priority of institutions over individuals, and sees institutions as not simply constraining individual behaviour, but also as being 'constitutive of individual motivations*' (Chang, 2002: 557). Thus, the IPE allows us to obtain a deeper insight into complex market–state–institution relations and into the institutional diversity of capitalism.

¹⁵ For an overview of theories of the state see e.g. Hill (1997).

The state is perceived not only as a complex element of ‘structure’, or resource, but also as an actor (Skocpol, 1985, 2008; Nordlinger, 1981). The state is the ‘*continuous administrative, legal, bureaucratic and coercive systems that attempt not only to structure relationships between civil society and public authority in a polity but also to structure many crucial relationships within civil society as well*’ (Skocpol in Evans, Rueschemeyer and Skocpol, 1985: 7). Skocpol puts forward two analytical strategies for bringing the state back in to a prominent place in the studies of socio-political change:

‘On the one hand, states may be viewed as organizations through which official collectivities may pursue distinctive goals... On the other hand, states may be viewed more macroscopically as configurations of organization and action that influence the meanings and methods of politics for all groups and classes in society’. (Evans, Rueschemeyer and Skocpol, 1985: 28)

The first approach has been developed by the bureaucratic politics literature (Allison and Halperin, 1972), which looks at functions and histories of different state agencies; how policy emerges from contests between different parts of the state, micro-level trade-offs and heterogeneity of bureaucracies. For instance, Lipsky (1983) emphasises the critical role of ‘*street-level bureaucracy*’ (i.e. ‘*public service workers who interact directly with citizens in the course of their jobs*’) in the policy process. These ‘street-level’ bureaucrats have a great impact on people’s lives, for it is them who make many redistributive and allocative decisions, who exercise wide discretion in decisions about citizens and who have relative autonomy from organisational authority. They interpret or ignore instructions, deal with overlapping and contradictory directives, and take the initiative in areas where there might be a policy vacuum (Lipsky, 1983).

The second approach to analysis of the state is reflected in the theory of state autonomy and state capacity (Skocpol, 1985). State¹⁶ autonomy stands for a high degree insulation of state structures from specific societal pressures, as well as

¹⁶ Whereby the state is understood as a ‘set of organizations through which collectivities of officials may be able to formulate and implement distinctive strategies or policies’ (Evans, Rueschemeyer and Skocpol, 1985: 20-21).

furthering the nation's general interests. Different governmental systems may have '*stronger*' or '*weaker*' *tendencies towards autonomous state action*' (Evans, Rueschemeyer and Skocpol, 1985: 14). However, '*state autonomy is not a fixed structural feature of any governmental system. It can come and go*' (Evans, Rueschemeyer and Skocpol, 1985: 14).

The notion of state capacity is used to signify the ability of the state to change the behaviour, and oppose the demands of non-state actors, as well as to pursue specific kinds of policies:

'There is no reason to assume a priori that the pattern of strength and weaknesses will be the same for all policies. One state may be unable to alter the structure of its medical system but be able to construct an efficient transportation network, while another can deal relatively easy with getting its citizens around but cannot get their illnesses cured.' (Evans, Rueschemeyer and Skocpol, 1985: 17)

Overall, social science regards the state both as an impersonal structure (i.e. as a resource to be used by actors) and as a separate actor whose tools and power over other agents may vary. Understanding these aspects of state–society–individual interrelation is crucial for identifying paths of institutional change.

2.2.3 The Role of Civil Society

The nature and role of civil society has been one of the most debated since the work of Juergen Habermas (1964, 1975) on the democratic public sphere and communicative action; the work of Robert Dahl (1971) on pluralism in policy making, as well as studies of the social capital since 1980s (for an overview see Putnam, 2004).

Recent studies have been inspired by global changes of the boundaries between the state, civil society and international organisations, as well as emerging opportunities for multi-level governance and '*global citizenship*' (Berkhout, Leach and Scoones, 2003: 26; Edwards, Hulme and Wallace, 1999: 119).

Among the most well-known advocates of the civil society movement are Michael Edwards and David Hulme. They see an enormous potential for NGOs: '*society*

matters, social institutions count, and citizens make a crucial difference to the health of the polity and to economic success' (Edwards, 2001: 1). It is believed that civil society can countervail *'the expanding influence of markets and the declining authority of states'*; the power may shift from workers to consumers; the erosion of national boundaries and development of information technology are providing more opportunities for cooperation of civic organisations (Edwards, Hulme and Wallace, 1999: 119).

It is emphasized, however, that NGOs themselves must be radically reformed. Civil society is characterised by dependance on donors and their subjective preferences as to who to support ('picking winners'); poor level of cooperation and trust among NGOs because of competition for resources; low trust to civic groups in the local context, as they are associated with foreign interests; and poor accountability (Edwards, 2001: 3-4; Edwards and Hulme, 1995: 227; Clark, 2001: 25-26).

Another direction of civil society research is associated with the name of James Scott and his work on domination and resistance. Unlike sociologists before him, Scott focuses on what he calls *'infrapolitics of subordinate groups'*, *'a wide variety of low-profile forms of resistance that dare not speak in their own name'*, the *'hidden discourses'* (Scott, 1990: 19), i.e. not on visible forms of struggle, through political campaigns, NGOs, demonstrations, rebellions, mass media conflicts, etc, but rather on resistance without protest and without organisation, on daily and often unseen struggles, which are *'like infrared rays, beyond the visible end of the spectrum'* (Ibid: 183). Scott uses the term *'hidden transcript'* to characterise *'discourse that takes place 'offstage', beyond direct observation by powerholders. The hidden transcript is thus derivative in the sense that it consists of those offstage speeches, gestures, and practices that confirm, contradict, or inflect what appears in the public transcript'* (Ibid: 4). Scott shows that power relations in a society are more complex than one might think and that *'hidden transcripts'* (which contain critique of power *'behind the back of the dominant'*) are produced not only by the weak but also by powerful groups (Scott, 1990: xii).

2.2.4 Non-State Governance for Natural Resource Management

Civil society and various forms of multi-level governance are particularly fiercely debated in relation to environmental issues and natural resource management. In

contrast to the state-centred perspective, neo-liberal theories of non-state local and global environmental governance have emerged (e.g., '*glocalisation*' theory of Hempel, 1995).

Non-state governance systems appeared largely as a response of leading environmental groups to the 'crisis of global governance', 'crisis of public accountability' and the failure of the world's governments to reach or implement an agreement on global conventions, such as a binding global forest convention (Humphreys, 2006). The new governance mechanisms in which non-state actors are central are believed to deliver better results in facilitating institutional change and sustainable forest management.

'NGOs and business are producing new rules that are then adopted by public authorities as public standards. In some respects, the state is now a taker, rather than the maker, of standards.' (Humphreys, 2006: 215)

These non-state forms of governance can be roughly divided into three kinds: those of civil society including local community-level governance, transnational community governance, and business-driven forms of governance, such as forest management certification schemes.

Debates about the potential of state versus non-state actors in forest resource management are ongoing. However, recently there has been a distinct trend towards favouring community forest management regimes and bottom-up strategies in many contexts (see e.g., Pagdee, Kim and Daugherty, 2006; Ribot and Larson, 2005). This new perspective on efficient natural resource management emerged on the international political agenda in the 1990s. It has attempted to replace the 'formerly dominant conception of environmental management as a technological process best left to professionals' (Zimmermann and Schmithuesen, 2002: 108). This trend was, to a great extent, set by the Rio Declaration of 1992 and the Aarhus Convention of 1998, which promoted a participatory approach to environmental decision-making. This trend in natural resource management reflects the spreading worldwide belief in democracy as a precondition for sustainable development.

There is an increasing understanding that sustainable development '*should be based on local level solutions derived from community initiatives*' (Leach, Mearns and Scoones, 1999: 225). The new 'participation' paradigm is largely based on Weberian subjectivism and belief that individual actors are '*capable and 'knowledgeable*', able to devise their own strategies (Geiser, 2001: 20). Top-down projects, it is argued, '*have limited potential for transforming existing patterns of social interaction and resource use, because they do not relate adequately to local priorities*' (Vira and Jeffery, 2001: 1). Community and participation-based natural resource management schemes are often preferred by theorists, since they benefit from '*traditional knowledge of the resource*' and '*existing social structures*' (Vira and Jeffery, 2001: 1).

'It is becoming increasingly clear that local communities both filter and ignore the central government's rules. They also add their own rules, generating local institutions – rules-in-use – and patterns of activity that can diverge widely from legislators' and bureaucrats' expectations.' (Gibson, McKean and Ostrom, 2000: 3)

There is an extensive body of evidence that individuals voluntarily organise themselves in order to create and enforce rules that protect natural resources (Bromley and Feeney, 1992). This idea that natural resource management may be more effective if one holds negotiations between different parties and if decisions are made at the lowest appropriate level resulted in a major policy trend of decentralisation and devolving control over natural resources from government agencies to user groups since late 1980s. The participatory framework of development has been promoted by multilateral and bilateral donors in their interactions with national governments (Vira and Jeffery, 2001: 1). Many governments have implemented programmes (termed community-based resource management or joint management, etc) that shifted responsibility and authority from state to non-governmental bodies (for an overview see e.g. Meinzen-Dick and Knox, 1999).

Practical realisation of community-based natural resource management has encountered several difficulties, which is related to the complexity of the very notion of community and how communities function in reality.

First, the concept of community is poorly defined by policy makers. Community stands for a '*small spatial unit*', as well as a '*homogeneous social structure*' and '*shared norms*' (Agrawal and Gibson, 1999: 629-649). In reality, communities are not homogenous entities: '*gender, caste, wealth, age, origins and other aspects of social identity divide and crosscut so-called 'community' boundaries*' (Leach, Mearns and Scoones, 1999: 230). Besides, every community is different hence the idea of the possibility of a universal theory of the commons and applicability of same policies to different contexts is rejected (Agrawal and Chhatre, 2006: 164; Vira and Jeffery, 2001: 4).

Communities develop in a non-linear way. Both social and ecological history plays a role in their current dynamics (Leach, Mearns and Scoones, 1999: 230-232). Success of non-state governance schemes may require certain preconditions, such as the existence of certain institutions or characteristics of the community itself (Meinzen-Dick and Knox, 1999; Gibson, McKean and Ostrom, 2000).

Some researchers now take a very cautious stand towards participatory approaches to natural resource management. It is argued that the concept of participatory resource management can be abused in practice (Geiser, 2001: 28). Certain actors may use the concept of participation and sustainability as a tool to '*reinforce their claims over resources*' (Vira and Jeffery, 2001: 5-6).

A second weakness of participatory approaches to natural resource management is related to the fact that '*participatory strategies are embedded in a wider network of social, political and economic processes*' (Vira and Jeffery, 2001: 12). This implies that the '*adoption of participation involves changes in established practices, and this may not be possible without supporting changes at other levels within the system*' (Vira and Jeffery, 2001: 12). Single agencies may not simply be able to confront established political and socio-economic structures on their own. Political feasibility and chances of an institutional change are high only in cases where elites are likely to gain from that change (Conroy et al, 2001: 176). This suggests an important implication for natural resource management, namely the necessity to carefully consider power relations between actors. Existing patterns of power relationships may reproduce themselves, despite adopting the participatory rhetoric (Vira and Jeffery, 2001: 16).

Limitations of community-only management schemes make one consider joint natural resource management regimes, where responsibility and costs are shared between different actors, including local communities and state agencies (Leach, Mearns and Scoones, 1999: 237).

Non-State Market-Driven Governance

In relation to non-state business-driven forms of governance, particularly in the forest sector, a non-state market-driven (NSMD) governance theory has been recently developed by Cashore, Auld, Bernstein and Newsom at Yale University with Errol Meidinger (2002a, 20002b), and Maria Tysiachniouk at the CISR (St. Petersburg, Russia). They elaborated how NSMD governance is distinct from other forms of private and public authority¹⁷. In the forest sector, NSMD governance is manifested by different forest certification schemes.

Forest certification is believed to be able to compensate for a number of omissions of the state governance, since it offers mechanisms to provide the following: 1) inclusiveness of a broad range of stakeholders in standard development; 2) strength of environmental and social standards; 3) quality of auditing [and thus an instrument for effective control and a compliance mechanism]; 4) broad supply side participation and demand side penetration (Gulbrandsen, 2004: 83).

A number of concerns have been raised recently, even by those promoting the NSMD theory. Non-state governance has proved to have its own serious limitations and to pose some threats. Neoliberal policies, through deregulation and increased private

¹⁷ *'The most critical feature is that governments do not create or require adherence to these rules... A second feature of NSMD governance is that its institutions constitute governing arenas in which adaptation, inclusion and learning occur over time and across a wide range of stakeholders.... A third key feature is that these systems govern the 'social domain' – requiring profit-maximizing firms to undertake costly reforms that they otherwise would not pursue. That is, they pursue prescriptive 'hard law', albeit in the private sphere. This distinguishes NSMD systems from other arenas of private authority, such as business coordination over technological coordination, which can be explained by profit-seeking behaviour... Another key feature of NSMD governance is the existence of verification procedures designed to ensure that the regulated entity actually meets the stated standards... This distinguishes NSMD systems from many forms of corporate social responsibility initiatives that require limited or no outside monitoring.'* (Cashore, Auld, Bernstein and McDermott, 2007: 161-162)

sector investment in forests, are argued to have contributed to deforestation (Humphreys, 2006: 214-216). Among dangers that corporate social responsibility and voluntary certification schemes pose is their potential incentive to subordinate environmental sustainability to profit (despite their ability to contribute to standard-raising) - '*commodification of nature*' (Lemos and Agrawal, 2006: 312).

Disempowered groups continue to have little opportunity to participate in governance:

‘In a world of weak states, deterritorialized action, and concentrated power, corporate interests and multilateral organizations can control and reframe environmental action as a means to legitimize their model of development’ (Ibid: 314).

The ability of certification systems to address enduring problems of the forest sector (where governments have proved ineffective) is also questioned by Cashore, Egan, Auld, and Newsom (2007); Cashore, Auld, Bernstein and McDermott (2007). Such systems, although having somewhat raised forest management standards, have thus far failed to address some of the most pressing and persistent forestry issues. The real implementation and realization of a number of aspects of forest certification vary across regions and local contexts (Gulbrandsen, 2004: 96).

This makes researchers return to the idea of a restoration of a broader range of state functions and establishment of powerful publicly accountable bodies that would regulate forest use jointly with non-state actors for the common good (Humphreys, 2006: 234-235). Such schemes as certification do not work other than in conjunction with traditional approaches, that is, public policy (Cashore, Auld, Bernstein and McDermott, 2007).

The bottom line of many recent multi-partner governance studies is '*The state is dead, long live the state!*' (e.g., Agrawal and Lemos, 2007). Along with the inevitably increasing weight of non-state actors, a strong and well-functioning state is essential to define property rights, reduce externalities, and to provide infrastructure and legislation to ensure greater competition as well as freer access to information (Ibid: 43-45).

The complexity and multiscalar character of many pressing environmental problems does not allow for a one-plane (either state or market) solution to existing issues. It is emerging hybrid modes of environmental governance across state–market–community spheres, such as comanagement [between state and community], public-private partnerships [between state and market], and social-private partnerships [between community and market] that promise positive long-term outcomes for natural and social systems. The question of potential state versus non-state (or rather, joint state and non-state) contribution to sustainable forest management remains open.

Despite the fact that the above mentioned institutional theories have offered many insights into societal change, they are anthropocentric and, therefore, cannot explain many natural environment-related issues. In order to understand the development of the forest sector, one needs to turn to an environmental perspective of analysis as well.

2.3 Western Environmental Perspective

2.3.1 Environmental Sociology

It is sometimes argued (e.g., Buttel, 2002; Gross, 2002) that classical sociological tradition immediately engages with issues related to the relationship between modern societies and natural environments they inhabit, and, therefore, is most valuable for guiding investigations of environmental problems. Most prominent environmental sociology scholars of the late XXth century have been strongly influenced by classical sociological theory. Indeed, *‘environmental problems are, after all, people problems, for humans cause the problems, are affected by these problems and are ultimately responsible for creating solutions to them’* (Dunlap, Buttel, Dickens et al, 2002: viii). In this general sense, sociology contributes to a better understanding of human-natural relationships.

However, overall, major sociological theories have focused on other concepts and conflicts, such as social class, power, industrialisation, democracy, bureaucracy and so on. Except in separate papers (Gross, 2002), sociological theory has failed to appreciate the role of the natural environment. Society in relation to ecology began to be comprehensively studied only in the 1970s, when sociologists started to recognise the importance of environmental issues and initiated research related to the natural

environment. The '*new ecological paradigm*' emerged (Catton and Dunlap 1978, 1980), which criticised previous sociological studies for their '*human-exemptionalist*' paradigm, i.e. the idea that humans are exempt from the natural laws by means of technology, societal organisation, culture, and so forth. The new, ecological, direction of thought intended to stress the importance of an ecological direction to analysis and combine it with other disciplines, such as political and economic sociology, and demography. Researchers began to realise that the '*embeddedness of human society in nature*' and that '*ecosystem-dependence is crucial for understanding social action*' (Murphy, 1994: 691). One started to explore issues of environmental movements, environmental policy formation, politics and power, reciprocal impacts of environment and society, local environmental knowledge systems, etc. The claim of this new sociology was that '*reality is both a social construction and a construction of nature*' (Murphy, 1994: 704).

'Humans construct their sense of reality and their understanding of it. They exert an effect on nature by manipulating it according to their goals, and in the process unleash unexpected forces of nature and new forms of social-natural interaction, which affect social action.' (Murphy, 1994: 704)

2.3.2 Human Ecology

One of the most significant conceptual shifts of the institutional paradigm in the 20th century was the shift to human ecology (since the 1920s) and political ecology (since the 1970s). The importance of including physical environmental and biological variables into societal models was realised. The central concept of human ecology framework is 'tragedy of the commons', the concept introduced by Garret Hardin. Hardin argued that the only solution of the problem of growing population and concomitant overuse of natural resources is '*fundamental extension of morality*' (Hardin, 1968: 1243) and institutional transformation, which would have to inevitably limit individual freedom. In Hardin's words, human ecology is a 'conservative' and 'subversive' science: it aims to conserve natural resources, which is often possible only through destruction of traditions, political practices or social privileges (Hardin, 1985: 469).

'A 'managed commons' describes either socialism or the privatism of free enterprise. Either one may work, either one may fail: 'The devil is in the

details'. But with an unmanaged commons, you can forget about the devil: As overuse of resources reduced carrying capacity, ruin is inevitable.' (Hardin, 1998: 683)

Hardin emphasizes that one has to move away from 'unmanaged commons' and look into possible ways to organise 'managed commons'. Human ecology is about human and natural interaction and mutual influence. It is about '*better ways to live in balance with the environment*' (Hardin, 1998: 683) in a very broad sense. Hence, the human ecological shift in institutional studies called for an even broader interdisciplinary synthesis and for integration of ecology, environmentalism, health care, economics, population studies, law, political science, ethics, geography, psychology, and sociology.

After Hardin, human ecology framework has been elaborated by a number of schools and academics (e.g. the International Forestry Resources and Institutions (IFRI) Research Network; University of Alberta; etc). A significant contribution has been made by Elinor Ostrom. Ostrom argues that there can be no universal conclusions about the tragedy of the commons, and that the managed commons can be successful. She addresses the problem through a study of a wide diversity of institutional arrangements that individuals have used to overcome tragedy of the commons scenarios (Becker and Ostrom, 1995; Gibson, McKean and Ostrom, 2000).

The focal point of Ostrom's and her colleagues' study is the interaction of natural resources and communities at the local level. It is argued that microinstitutional solutions and indigenous voices are '*the remedy for renewable-resource scarcities*' (Gibson, McKean and Ostrom, 2000: 57). Ostrom emphasizes the need '*to shift attention away from market- or state-oriented policies as the only two alternatives to achieve development or environmental conservation*' (Ibid: 57).

The emergence and performance of forest institutions at the local level are analysed as a function of two sets of factors. The first set refers to the attributes of a resource, such as feasible improvement; indicators; predictability; spatial location, terrain, and extent (Ibid: 230-233). Thus, for a common property regime to become successful, '*the boundaries of the resource must be clear*' (Ibid: 44).

The second set of prerequisites refers to attributes of the users of the resource including salience; common understanding; discount rate; trust and reciprocity; autonomy; prior organizational experience; local leadership; the size of the group and the heterogeneity of users (Ibid: 230-233). Users need to have '*the right, or at least no interference with their attempt, to organize... [and] to modify their use rules over time*' (Ibid: 43-51).

The Institutional Analysis and Development (IAD) Framework of Ostrom aims to offer a unifying approach for analyzing institutional change. Ostrom seeks to '*dig below the immense diversity of regularized social interactions in markets, hierarchies, families, sports, legislatures, elections, and other situations to identify universal building blocks used in crafting all such structured situations*' (Ostrom, 2005: 5-6). These universal components of the situations human actors face are believed to be organized in many layers. In order to analyse these multilevel complex systems, Ostrom suggests using Koestler's (1973) concept of the holon: '*nested part-whole units of analysis*' (Ostrom, 2005: 11), and analyses the holon 'action arena' with two other holons in it: 'participants' and an 'action situation'.

However, Ostrom enquires not only into the universal components of all social systems, but also into the '*deeper structure in the grammar of institutions*' and '*the types of rules used to create structure*' (Ostrom, 2005: 8). It is suggested that institutional changes occur '*within a meta set of rules at a collective choice or constitutional level*' (Becker and Ostrom, 1995: 123-124).

'The meta set of rules may assign different advantages to various participants in the rule-changing process. Those with the most voice in collective-choice processes may refuse to support a change if they do not benefit themselves from the change in rules.' (Ibid: 123-124)

This means that in order to explain institutional change, one needs to analyse the distributional effects of proposed rules and how these effects relate to the meta rules used for making and changing rules. Factors that predetermine institutional development are: the relations between the community of individuals involved ('participants' with their interests and intentions), the natural resource and the meta rules for changing rules ('action situations').

2.3.3 Political Ecology

Another framework for analyzing the society-nature nexus, termed ‘political ecology’ goes back to the 1970s and neo-Marxism. Similarly to human ecology, contemporary political ecology looks at the interchanges between nature and local culture, the symbolic and the material, ‘*the relations between the human society, viewed in its bio-cultural-political complexity, and a significantly humanized¹⁸ nature*’ (Greenberg and Park, 1994: 1). However, it places a bigger emphasis on power, political economy, state, corporate and transnational actors and their influence on environmental policies, conflicts and ideologies. Political ecology is meant to substitute classical political economy (Guha and Martinez-Alier, 1997: 22). Martinez-Alier studies ‘*ecological distribution conflicts*’ and environmental movements in relation to international development (Martinez-Alier, 2002: 17 ff). He places the environmental struggles of the poor against multinational corporations at the focus of attention and disproves a common belief that the poor are not concerned with environmental issues. Political economy ‘*transforms and is transformed by individuals and nature. Nature and society are both socially constructed to significant degrees, yet both are determined to some extent by what may be glossed as system-like constraints that are neither deliberate nor inadvertant products of human purposive activity*’ (Greenberg and Park, 1994: 1).

Besides, political ecology attempts to focus both on the local and the global. Its future is seen as local ‘*ethnographies of nature*’ adjusted in accordance with the globalisation effects (Biersack and Greenberg, 2006).

Along the lines of major current theories of societal change, political ecology attends not only to constraints of structure but also to indeterminacies of agency and events (Biersack and Greenberg, 2006: 4-5). It blends insights from studies of culture, history, power relations and nature, but also leaves room for spontaneous individual action.

A significant contribution to political ecology has been made by Arturo Escobar. His work ‘*acknowledges the constructedness of nature while suggesting steps to weave*

¹⁸ The term ‘humanized nature’ is used to highlight that it is the ‘by-product of human conceptualizations, activities and regulations’ (Biersack and Greenberg, 2006: 4-5).

together the cultural and the biological on constructivist grounds' (Escobar, 1999: 1). Escobar argues that nature has to be understood both as an independent '*biological body*' and also as constructed by humans, a '*product of culture*' (Ibid: 2-3).

'Nature is differently experienced according to one's social position... it is differently produced by different groups or in different historical periods.'
(Ibid: 5)

Within this framework, Escobar analyses conservation of biological diversity as a cultural and political discourse, which has been shaped recently by such new social actors as NGOs and local ethnic movements (Escobar, 1998: 53-54). Escobar differentiates between three major regimes of nature, which coexist, overlap and co-produce each other in societies: '*organic nature*' of communities, '*capitalist nature*' of plantations and '*techno-nature*' of biodiversity and biotechnology researchers and entrepreneurs (Ibid: 5-15).

Despite the fact that political ecology has generally focused on capitalism as the reason of environmental degradation and the opposition of society and NGOs against industrial or state interests (along Habermasian lines), it has also provided a deeper analysis of a broad range of discourses and their complex relationships.

The above mentioned theories and frameworks have been designed 'in the West'. One can rightfully argue how much of this is based on Western history, way of thinking and reality. How many of these concepts and theoretical constructions are applicable to the Russian case and how much do they really help explain issues in the Russian forest sector, where major Russian ideas, discourses and reforms come from? In order to have a fuller picture, one needs to take into consideration theories of societal change, as well as human-nature interaction produced in Russia.

2.4 Russian Perspectives

One may enquire whether theories created in the West can adequately describe developments in Russia, especially in the light of the heavy Soviet legacy and the radical post-1991 transformations. We believe it is necessary to present an 'insider' perspective on the recent, ongoing and future institutional changes. In particular, it appears worth examining institutions that have come to the forefront now, over 15 years after the reform.

In this chapter, we shall consider two types of studies of institutional change in Russia. The first type of works deals with structural limitations and factors of institutional transformation. The second type attempts to formulate mechanisms of institutional dynamics and construct models that included agency as one of decisive variables.

In the 1990s, difficulties of economic reforms encouraged Russian researchers to revive the work of Douglas North on institutions. The path-dependence theory has been constantly elaborated since then. The question ‘Why are inefficient institutions sustainable?’ has been applied to the post-Soviet development and answered in different ways. One of the most influential concepts has been the ‘*institutional lock-in*’ (i.e. persistent inefficient norms of behaviour, e.g. corruption), introduced and developed on the Russian material by Victor Polterovich (Polterovich, 1999). While drawing on ideas of D. North and W. Arthur, Polterovich explains entrenchment of such institutions through the concept of the ‘*costs of institutional transformation*’ and several mechanisms, such as effect of coordination, effect of coupling, ‘*sopryazheniye*’, and cultural inertia (Polterovich, 1999: 8-11). Overall, Polterovich differentiates between three groups of factors that influence institutional emergence and development: ‘fundamental’ (available resources and technology; macro-economic characteristics of the system), ‘organisational’ (laws and instructions that are in force) and ‘societal’ (expectations and stereotypes of social interaction) (Polterovich, 1999: 6). All these factors are of ‘structural’ nature and do not provide much insight into path creation processes.

Factors that limit institutional change and limitations of such changes have been analysed in the framework formulated in the early 2000s by Svetlana Kirdina of the Novosibirsk sociological school - the institutional matrices theory. It is mainly based on structural functionalism and evolutionary theory paradigms. The theory of institutional matrices mostly refers to the theories of K. Polanyi, D. North, K. Marx, and East-West cultural opposition. According to Kirdina, an institutional matrix is a system / an aggregation of interrelated ‘basic institutions’ in the areas of economics, politics, and ideology (socially important ideas and values) (Kirdina, 2001, 2008). Society is represented as a structure, or system, where political, economic and ideological spheres support and determine one another. The importance of

consideration of intrinsic connectedness of the whole and its parts is emphasized for any change efforts.

On the basis of historical observations and empirical research, Kirdina put forward a hypothesis about two types of institutional matrices, namely X-matrices and Y-matrices. An X-matrix is formed by institutions of redistributive economy, unitary political order and communitarian ideology with the priority of 'We' over 'I'. An Y-matrix is formed by institutions of market economy, federative political order and the ideology of subsidiarity, i.e. the priority of 'I' over 'We'.

'In real-life societies, X- and Y-matrices interact, with one of them permanently prevailing. Dominant institutions of the prevailing matrix define the nature of society and serve as the framework of performance for complementary institutions from the other matrix.' (Kirdina, 2008: 3)

According to Kirdina's classification, institutions of the redistributive economy in the X-matrix include: 'supreme conditional ownership', redistribution (accumulation, coordination, distribution) as a means to transfer goods; cooperation as the main mechanism of interaction between economic agents; employed labor as the basis of the labour system; and cost limitation as an effectiveness index in the economy. Parallel institutions in the market economy of the Y-matrix are: private ownership; exchange (buying - selling); competition; contract labour; and profit maximization (Kirdina, 2008: 4). Political institutions of the unitary political order include: administrative division of the state; the governance (and decision-making) system being a vertical hierarchical authority with the centre on the top; interactions for decision making taking the form of a general assembly and unanimity; governing positions are filled by appointment; and the feedback mechanism in the society is appeals to higher levels of hierarchical authority. Again, parallel institutions of the federative political order of the Y-matrix are: federative structure; self-government and subsidiarity; multi-party system and democratic majority; election; and law suits (Kirdina, 2008: 4). In the ideological sphere the opposites are: driver of social actions: collectivism vs individualism; normative understanding of the social structure: egalitarianism vs stratification; prevailing social values: order vs freedom. Russia is assumed to have the X-matrix as a dominant one.

In our opinion, while analysing the structure of the Russian society in a systematic manner, this theory is very useful for understanding interrelationships between institutions in the Russian society. We find the analysis of interdependent political, economic and ideological spheres quite helpful. However, the institutional matrices theory is to a great extent deterministic. It helps to understand why certain institutions persist in the Russian society. However, this theory is very general when it comes to the most difficult question, namely how to change certain institutions. Kirdina argues that the type of institutional matrix *‘only determines a “passage” of the social evolution, it does not eliminate the processes of permanent modernization of the institutional environment, which are both spontaneous and controllable in character’* (Kirdina, 2001).

Olga Bessonova proposed another structural-evolutionary theory of institutional development in Russia, namely the theory of *‘razdatok’*, or *‘deal-out economy’*.

‘Russian economy of the Soviet period was not a product of the interruption in the natural development towards the market, nor an experiment in planning, but it was a logical result of the evolutionary development of economic relationships in Russia.’ (Bessonova, 1994: 37)

Bessonova argues that economic relationships in Russia, the Soviet Union and the post-Soviet Russia have certain common specific features. Bessonova does not refer to Western theories or concepts, such as non-market economy, quasi-market economy, or bureaucratic market, to explain the Russian specificity. Instead, she applies concepts borrowed from the original Russian discourse and language. According to her theory, the Russian economic system is an economy of the *razdatok* type and has its own development laws and a certain institutional system. The *‘institutional core’* of the *razdatok* economy consists of the institutions of *‘razdacha’* (deal-out / give-away / gifts from the ruler), *‘sdacha’* (tribute to the ruler / treasury, gavel), *‘obshchestvenno-sluzhebnyaya sobstvennost’* (communal service/duty-related property), and the institution of *‘administrative complaints’* (*administrativnaya zhaloba*). The mechanisms of *‘sdacha-razdacha’* are contrasted with the mechanisms of *‘buy and sell’* (Bessonova, 2008: 112).

Complaints are seen as a mechanism replacing the price regulation of the economy, a form of feedback in the *razdatok* economy. The *‘critical number of certain*

complaints' serves as a basis for decision-making about distribution of resources. The related phenomena are the dependant's psychology and the 'give me' syndrome (Bessonova, 1994: 40-41).

The concept of '*sluzhebniy trud*' (service work) (introduced by Bessonova), i.e. a form of labour / work that is obligatory, is contrasted with the contract labour. Such institutions determine the structure of society, which is divided into '*sluzhilye lyudi*' (people in state service, state officials and military) and '*podatnoye naseleniye*' (tax paying population), the latter providing means and resources for the former (Ibid: 43).

Bessonova argues that institutions of non-razdatok coexist with (replace or complement) razdatok institutions, and '*the complex interaction of these two types of relationships manifests itself either in conflict, or partnership of the two, or one becomes a shadow of the other*' (Ibid: 46). In the razdatok economy, there is still some room for institutions of market trade and private entrepreneurship, however only in the area that is not covered by the state management, or in situations when razdatok institutions are in crisis (Bessonova, 2008: 126-127). Bessonova divides the Russian history and the history of the Russian razdatok economy into institutional cycles, which consist of main and transition periods. During the 'main' periods, institutions of the razdatok economy function in a balanced way. During 'transition' periods, the institutions of private property and commodity-money relations become prevalent.

Perhaps somewhat unexpectedly, there appears to be a strong link between the IAD framework of Ostrom and the theories of institutional matrices and razdatok economy of Kirdina and Bessonova. All three frameworks attempt to identify basic, fundamental institutions in the society, which, in the words of Kleiner (2004), form the '*institutional gene pool of the economy*' (Kleiner, 2004: 11)¹⁹. These institutions will be historically and culturally predetermined and form a core structure (including core elements and core rules), upon which further institutional development occurs.

¹⁹ This concept appears close to Bourdieu's notion of *habitus* as 'embodied history'. 'The habitus [...] ensures the active presence of past experiences, which, deposited in each organism in the form of schemes of perception, thought and action, tend to guarantee the 'correctness' of practices and their constancy over time, more reliably than all formal rules and explicit norms.' (Bourdieu in Contemporary Sociological Theory, 2005: 278)

While Ostrom is looking for underlying universality of behaviour patterns, attempts *‘to find a way of expressing the most basic rules that generate action situations’* and to *‘illustrate that the generic rules used to constitute a market come from the same set of generic rules used to constitute a legislature, a hierarchy, a self-organised resource governance system, or any of a wide diversity of situations’* (Ostrom, 2005: 185), Kirdina and Bessonova also search for generic rules that determine the overall institutional picture, although in only one particular, national (Russian) context.

Another feature that is common for these frameworks is that they work with the institutional set-up of societies or even factors that determine the institutional genesis. However, they do not offer any models that elaborated on exact mechanisms of institutional dynamics. Both theories remain within the limits of structural determinism.

A dynamic model, which emphasizes not only structure, but also the role of agency in the process of institutional change, was offered by Vladimir Gel'man. Gel'man analysed the politics of informal institution building in Russia and demonstrated his model on the case of institutions of electoral governance. *‘What are the determinants for the dominance of informal institutions in contemporary Russian society?’* is the question asked by many researchers. While the above mentioned theories refer to the structural explanations for the dominance of informal institutions in the Russian politics and economy, Gel'man goes further and argues that it is not only *‘the legacy of the past’* or *‘revolutionary breakdown’* which led to the decline of rule enforcement because of reduced or total lack of state capacity (Gel'man, 2004: 1022). Structural factors, as well as characteristics of the state (*‘weakness’* of the state, degree of state autonomy, and state capacity), are recognised to be important, although not sufficient, part of the explanations of the persistence and dominance of informal institutions.

‘Actor-oriented analysis of the politics of institution building in Russia might be a valuable addition to studies of structural factors in the dominance of informal institutions. This analysis might be based on the framework of historical institutionalism (Steinmo and Thelen, 1992), which is concentrated not on path dependency but on ‘critical junctures’ of institutional changes and their limits. The ‘legacy of the past’ is considered here as one but not the only ‘point of departure’ on the path-contingent

chain of interrelated causes and consequences of institution building. Somewhat similar explanatory models have been used in studies of regime change (Karl, 1990), including post-communist politics (Johnson, 2001; Gel'man, Ryzhenkov and Brie, 2003).’ (Gel'man, 2004: 1025-1026)

The process of institutional change is described as a policy cycle, where a political system moves from one equilibrium, via disequilibrium caused by exogenous factors, to another. Actors' behaviour is determined by their interests, ideologies (in the broad sense of 'cognitive schemes'), and uncertainty (which causes information deficit and undermines rational actions). Structural factors have an indirect impact on institution building. The 'legacy of the past' to some degree influences actors' ideologies, *'while a low degree of state autonomy contributes to policy implementation, especially in the case of the selective use of sanctions'* (Gel'man, 2004: 1035 - 1036).

Having analysed why institutional changes of the 1990s and early 2000s in Russia caused the dominance of informal institutions, Gel'man makes assumptions concerning possible future institutional development of Russian politics.

‘It is too early to say to what extent informal institutions may contribute to the stability of Russia's political regime or undermine it. But if one focuses exclusively on Russia's domestic political environment (as yet, the international impact on it is relatively negligible), it is unclear what the potential sources of a possible movement toward the rule of law will be. The constellation of political actors, their interests and ideologies, as well as restoration (even though partial) of state capacity in Russia, is unlikely to prompt such a move. Thus, 'informal institutionalisation' deserves to be viewed not as a temporary 'defect' of post-Soviet democracy (in the sense of deviation from the 'right' way of development) but rather as a long-term principal feature of Russia's political regime.’ (Gel'man, 2004: 1036)

Gel'man talks about the *'principal features'* of the Russian institutional set-up that will not be overcome in the foreseeable future, and thus in a way returns to the structuralist framework.

The theories considered above belong to the political economy paradigm. It would be wrong, however, to assume that the environmental perspective was absent in the Russian social thought. One of the most important Russian thinkers of the early 20th century, Vladimir Vernadsky, developed a theory of the biosphere, which advocated the inextricable mutual connection of human beings and natural environment. He termed this unity of all life forms on the Earth as the 'living material' ('zhivoe veshchestvo'), of which the mankind is just one part. All living bodies are mutually connected with their material and energy environment through nutrition and breath. Moreover, Vernadsky regarded history, social movements and world wars as a '*big geological and not only historical process*' (Vernadsky, 1993).

However, Vernadsky noted the growing impact of human activity on the natural environment. He described this process as the transformation of biosphere into noosphere, i.e. the world of the new '*geological force*' – the human mind (Vernadsky, 1944).

'The face of the Earth – the biosphere – is being drastically changed chemically by human beings consciously and, mainly, unconsciously. Mankind changes the physical and chemical surfaces of land and water.'
(Vernadsky, 1944)

According to Vernadsky, in the new world, where the human mind will be dominant, there will be two distinctive processes. The first inevitable process will be the progress driven by purposeful human mind and transformation of the mankind from heterotrophic into autotrophic beings, i.e. human beings will learn to produce food artificially rather than from living organisms. The second process that should take place is the growing importance of preservation of the natural environment for future generations (Vernadsky, 1944, 1993).

What reflection did the teaching of Vernadsky find in the Soviet time? In the USSR, the nature–people relationship was dominated by the discourse of economic progress and taming / subjugation and colonization of nature. The prevailing type of development was an extensive and resource-intensive. Nature was supposed to serve the political and economic goals of the state (Okhrana prirody Rossii, 2003: 14). The Soviet state considered nature on the one hand as an enemy, something wild, senseless and alien, something to be rebuilt in accordance with the new collective

needs of the Soviet society, and on the other hand as ‘storehouse’ of natural resources that can be used without limit (Bolotova, 2006; Okhrana prirody Rossii, 2003: 14). This transformation of nature was supposed to reflect the transformation of the Soviet people: ‘*While changing nature, the man changes himself*’ (Maxim Gor’ky, 1930 in: Bolotova, 2006).

Therefore, the discourse of nature–local community–traditional practices was almost non-existent. This has certainly had a significant impact on the people-nature interaction in Russia today.

One has to draw attention to a caveat here that protection of natural resources did not contradict the Soviet ideology and was therefore allowed to the extent it did not obstruct extensive development of the Soviet economy (Okhrana prirody Rossii, 2003: 14-15). Conservation became a priority of Soviet forest management after the war. From 1949 to 1973, class I forests²⁰ grew from 2% to 48% of the total forest area, while industrially exploitable forests shrunk from almost 98% to just over 50%. After 1973, class I protected forests grew by only 5% (Eikeland, Eythorsson and Ivanova, 2004: 288). Since 1975, environmental protection and rational use of natural resources have been a separate section in the state plan of the economic development of the country (Somov, 1976: 2). There was a strong discourse of a complex use of forest resources and the ‘*preservation of the ecological balance of forest biogeocenoses*’ (Somov, 1976: 7). The Soviet Union had a unique system of strict reserves, created specifically for protection of natural ecosystems and where even recreation facilities were not allowed. The scientific and ideological basis for such a system of strict reserves was created as early as before the Revolution (see Shtil’mark, 1996). In 1951, this system was drastically curtailed (88 reserves out of 128 in the USSR were closed) due to the extensive type of development and growing demand for timber and other natural resources (Okhrana prirody Rossii, 2003: 17).

Conclusion

The Western perspective on institutional transformation can be described as two broad general conceptual paradigms that complement each other. The first one is a

²⁰ Class I areas were protected for the purpose of landscape conservation and for climatic reasons. In these areas, only selective sanitary cutting was allowed.

political economy paradigm, which embraces debates about various socio-political and economic factors shaping the processes of institutional path dependence and path creation. Major debates are concerned with the role of state and non-state actors as sources of institutional change and transformation of natural resource management. Due to weaknesses of both purely state and market models of institutional change and natural resource management, hybrid models have gained significant support recently. Recent experience in natural resource management worldwide has a number of complex implications for successful environmental regimes.

The second paradigm brings nature (environmental variables) in and embraces the human ecology and political ecology approaches. The environmental paradigm examines the mutual interdependence of the social and the natural in the process of institutional change at the local, national and global levels. The environmental paradigm is in some sense an extension of the first, political economy paradigm and appears more suited to address issues of nature resource management.

As to the Russian perspectives on institutional change, many studies that look at the post-Soviet development are structurally deterministic and path-dependence based. They give significant attention to the role and nature of the state. They examine structural factors that have made the post-Soviet transformation process very painful or not successful at all. 'Positively' inclined studies with an emphasis on agency and possible ways of path creation (the ones that are available) are also sceptical of the possibility of change in the near future.

Despite the fact that Russia is a country of unique natural resource endowment, historical circumstances prevented the environmental direction of institutional studies from developing into any significant school of thought yet. One mostly explores relations between individual, societal groups and the Russian state. It is administrative, political and economic, rather than natural, resources that are generally perceived as relevant for institutional development in the Russian context at the moment.

Russian perspective on natural resource management and institutional change (e.g. the concept of a 'deal-out economy') appears very materialistic, which strongly contrasts to ecological thinking of a number of Western schools. The following chapters will

attempt to trace this feature through the history of Russian forestry and identify how this mode of national thinking affects current development of the forest sector.

In order to find the answer to our research question - how and why do institutions change in the Russian forest sector? - the ideas presented above need to be further tested on the Russian material. In the following chapters, we shall juxtapose Russian practices with Western ideas about institutional development. What potential do market institutions have in the Russian context? Are they able to replace the state? Are the current problems of the forest sector caused by the 'excessive' intervention of the state or by its poor capability or by something else? How do market and state institutions interact? How much room is there for participatory forest management? Are 'liberal' institutions transplanted to the Russian forest sector in the post-Soviet period identical to the ones in the Western world? What implications does their implementation on the Russian ground have? What are major drivers of institutional change and innovation in the Russian forest sector?

The above review of institutional theories provides a starting point for understanding the nature of the Russian state, its relation to the Russian society and development of nature resource management.

CHAPTER THREE: INSTITUTIONAL DEVELOPMENT IN RUSSIA: HISTORICAL PERSPECTIVE

‘Russia is the most stateless, the most anarchic country in the world. The Russian nation is the most apolitical nation that could never even organise its own country...

The Russian soul wants a sacred sociality, and a chosen-by-God authority... State authority has always been extrinsic, not intrinsic to the stateless Russian nation; it was not created from within [the society], but sort of came from the outside.’ (Berdyayev, 2004: 274)

3.1 Conceptualising the Russian State

Pre-1917 and Soviet Studies of the State: Perspectives from Within

It is useful to locate interaction between societal stakeholders and the state in the forest sector by placing it in a larger analysis of the Russian state.

As early as in 1884, Georgy Plekhanov was warning that the socialist revolution in Russia ‘*may lead to a political deformity similar to the Chinese or Peruvian empire, i.e. to a renewed Tsarist despotism with a communist underlining*’, for ‘*the rule of the people is possible only when the people is disappointed enough in the autocracy of the Tsars*’ (Plekhanov, 1884: 306).

In 1919, in his lecture ‘On the state’, Vladimir Lenin defined the state as a ‘*special apparatus for systematic violence and subjection of people to violence*’, as a consequence of the disintegration of society into classes and exploitation of one person by another (Lenin, 1984: 480).

‘The state is a machine for oppression of one class by another... The form of this machine varies. In the slave-owning state, there is a monarchy, aristocratic republic or even a democratic republic’ (Lenin, 1984: 483-484).

As the quote shows, Lenin associated the state with exploitation and class struggle. Therefore, he argued, the proletariat had to take away the state machine from the capitalists, in order to then use it as a ‘*cudgel*’ and ‘*slam*’ any kind of exploitation (Ibid: 484).

‘And when there will be no more possibilities for exploitation in the world and no more land owners or owners of factories... only then shall we scrap this machine. Then, there will be no state and no exploitation.’ (Lenin, 1984: 491)

So, the new, post-1917 state was proclaimed a tool in the class struggle, in order to build a socialist, i.e. class-less, society later.

Several years later, in 1936, Joseph Stalin announced that the Soviet society had become ‘*society without antagonistic classes*’ and that there were two mutually friendly classes, namely the class of workers and the class of peasants (as well as a secondary layer of intelligentsia), and state management of society (‘*dictatorship*’) belonged to the working class. Under such social order, the role of the socialist state was said to consist in administrative-economic, military (defence from the capitalist environment) and cultural-educational functions (Stalin, 1936).

Around the same time, in 1930s, Leon Trotsky wrote:

‘Under no other regime than the Soviet regime did bureaucracy achieve such degree of independence from the ruling class... One cannot but admit that it [the Soviet bureaucracy] is more than bureaucracy. It is the only and in the full sense of the word privileged and ruling layer in the Soviet society.’ (Trotsky, 1937)

Trotsky considered the Soviet society to be different from any other society. This society was dominated not by workers or peasants, but by bureaucrats, whose power had particularly grown in the Soviet years.

In 1922, Pitirim Sorokin wrote:

‘The October Revolution set its task as destruction of the social pyramid of inequality (both in terms of property and rights) and annihilation of the class of exploiters and thus the class of exploited. And what did we get? - A simple rearrangement. At the beginning of the revolution, the old bourgeoisie, aristocracy and privileged-ruling layers were removed from the upper levels of the pyramid. And vice versa, one lifted individual ‘dwellers

of the social underground' from below to the top. ... But has the pyramid itself disappeared? Not at all.' (Sorokin, 1994: 19)

Thus, Sorokin suggests that the society that evolved after 1917 was a hierarchical society, with a strong social differentiation and a similar structure to the one that existed before.

In 1937, Nikolay Berdyaev wrote that the new Soviet bureaucracy had become a new privileged class, who could exploit the popular masses and was stronger than the Tsarist bureaucracy (Berdyaev, 1990). This societal trait was not new to Russia and built on the previous, pre-1917, trends of development. Berdyaev emphasized that by the end of the 19th century, Russia had become a Tsardom '*with a strong bureaucracy and a very thin and fragile cultural layer*'; '*classes have always been weak in Russia and subordinated to the state, they were even built by the state authority*' (Berdyaev, 1918: 231-232).

This view advocated by Sorokin and Berdyaev, namely that the state bureaucracy was the dominant class in the Soviet society, was fundamentally different from the Marxist standpoint, which persisted from the 1930s until the late 1980s as the official concept of the social structure of the country and was based on the three-part formula of Stalin (working class, the peasants and the people's intelligentsia) (Baitin, 1973; Shevtsov, 1971).

'State power is the social force of the dominant class (of the whole society in a developed socialist society). Only the availability of such force allows the latter to gain a foothold in the society as a dominant class. The force itself – the state power – is inevitably the highest, single-ruling and absolute.' (Shevtsov, 1971: 13)

The state was considered a servant of the dominant class, with the potential to become the servant of the whole society. It was also recognized as the only legitimate authority and having a power monopoly in the society.

Pre-1917 and Soviet Studies: Perspectives from Outside

Karl Wittfogel develops a theory of an orientally despotic state and describes post-Mongol pre-1917 Russia as a '*marginal Oriental society*' (Wittfogel, 1957: 5).

Wittfogel describes the course of Russian history as Westernisation prior to 1917 and anti-Westernisation thereafter. He insists on the non-European, Tatar, character of Russian political tradition²¹ and refers to the Soviet state as '*an industry-based system of general (state) slavery*' (Wittfogel, 1957: 438-441).

Maurice Dobb argued that the Russian state was the '*product of a class system, and was in fact the instrument of the class which at the particular time was the ruling class*' (Dobb, 1928: 29).

'There would tend to crystallise a bureaucratic 'white-collar' caste, greedy of privilege, tinged with superiority and tending to reproduce in its dealings with the mass of the workers the old relation between master and servant...'
(Dobb, 1928: 29-30)

Dobb noted that the strengthening bureaucratic apparatus transformed into an oppressive societal layer that pursued its own ends and, in this respect, did not differ much from its predecessor ruling '*caste*'.

Voline explored the nature of the Bolshevik state in the 1920s and wanted to '*transform the economic and social bases of society without having recourse to a political state, to a government, or to a dictatorship of any sort*' (Voline, 1954: 7). In his opinion, the Bolshevik state was not a '*proletarian*' or '*workers*' and *peasants*' state, but totalitarian.

The '*primary concern of the Bolshevik party in power was to nationalize all the activity and all the life in Russia*' (Voline, 1954: 189-190).

The state was '*the only real owner of all the riches of the country*', whereas the worker was '*a modern slave*', who could be punished or rewarded by the '*lord*' – in accordance with worker's behaviour (Ibid: 192, 197). The immense powerful bureaucracy was created – to support Stalin, '*its idol, its 'Tsar*' (Ibid.: 190).

²¹ This view was disputed by a number of researchers. E.g., Arnold Toynbee (1948) did not agree with Wittfogel and maintained that Russian concepts had Byzantine origins. In Richard Pipes' view (1995), the Russian political tradition was Hellenistic.

The work of Richard Pipes shows that Muscovy differed from every state in Europe in that there was no concept of private property in Muscovy, and that everything was regarded as the property of the Grand Duke. The only organised social groups who could stand up against the state and challenge its power monopoly were nobility and bureaucracy (Pipes, 1995: 137), because ‘*by enforcing the patrimonial principle, i.e. by effectively asserting its claim to all the territory of the realm as property and all its inhabitants as servants, the crown prevented the formation of pockets of independent wealth or power*’ (Ibid: 249). The situation persisted in the Soviet years, when Russia’s officialdom only grew in numbers, and the ‘*patrimonial*’ system remained immune from pressures from below (Ibid: 112, 281).

‘While repeating the essentials of the West European periodicity, the Russian economy was more state-bound at every one of its stages... It is the extent of state involvement that made it different from Western Europe.’ (Shanin, 1985: 124-127)

In his work, Shanin shows that before the Revolution Russia went through the stages of economic policy similar to Western European ones (mercantilism, liberalism and neo-protectionism), but with a particularly significant extent of state power and state economy. (Ibid: 124-127)

Barrington Moore analyses the nature of the Soviet state and notes that support of popular masses or societal consensus were ‘*definitely not crucial*’ for the Soviet ‘*totalitarian dictatorship*’ (Moore, 1966: 2).

‘For about the past twenty years Soviet society has been one enormous bureaucracy. The state has swallowed society. The behaviour of nearly every adult male during his working hours is heavily determined by his place within this bureaucracy...’ (Ibid: 2)

The society has been ‘*bureaucratized*’, organised and subsumed by the state and its ‘*all-embracing administrative system*’ (Ibid: 3):

‘The peasant, the soldier, the worker, the artist, and the scientist play their roles in accordance with a web of decisions that ultimately originate in, or

are approved by, the Presidium (formerly the Politburo), the highest organ of the Communist Party of the Soviet Union.'

The Party Presidium became a major and '*indispensable*' instrument of connecting actions of Soviet citizens with one another. The Soviet state had a threefold system of control: '*the Party, the instruments of violence, and the Soviet apparatus*' (Ibid: 8). Instruments of violence included secret police and the military forces. The Soviet apparatus composed three elements: ministries administering economic activities; agencies that checked up on the economic performance of other ministries; and the hierarchy of soviets. These tools were used by the Soviet state '*to enforce its decisions and to focus the energies of the Soviet population in the desired directions*' (Ibid: 8).

'The Soviet system of centralisation is continually breeding its opposite in the form of groups within it that become involved in a network of protective evasions. These groups build walls around themselves that are at least temporarily impervious to Moscow's demands.' (Moore, 1966: 21)

So, the state system and society are in a state of conflict. The state system puts steep demands '*on its servants*', which causes individuals to unite in alternative groups for protection. At the same time, the state regime realises this tendency and tries '*to sow suspicion among the population*' and '*to destroy all social bonds except the ones that it has itself created*', in order to destroy all independent foci of power and to manipulate the population. State-'*organised terror*' results in '*the partial atomisation of Soviet society*', '*the break-up of friendship groupings*' and '*the isolation of the individual*' (Ibid: 158).

Even peasants, who traditionally, through revolts and upheavals, were able of influencing the state and exercising leverage on state policies, and '*provided part of the impetus behind a series of reforms that were transforming Tsarist society*', became powerless after the Revolution (Ibid: 72). In the 1930s, '*the economic independence of the peasant was destroyed... power to shape all the major economic decisions was secured by the dictatorship*' (Ibid: 73). At the same time, possibilities of manipulating the state system and Soviet society were '*rather unevenly distributed*'

among individuals and depended not just on their personality, but also on their position within the system (Ibid: 162).

State organisation and the state's relationship to the international environment and domestic forces are the focus of Theda Skocpol's analysis (1997, 1999, 2008). She considers the state as '*autonomous power*,' an '*administrative and coercive machinery embedded in a militarised international states system*' (Skocpol, 1999: 292). She argues that the most striking feature of the Soviet state was '*the predominance of a Party-state complex ever so much larger and more dynamically powerful within society than the tsarist regime had been*' (Ibid: 226). State administrative apparatus was constantly expanding and '*also capable of accomplishing more in society*' than the Tsarist autocracy (Ibid: 227). The reason for this was that the Communist regime '*sought to link the executive at the centre closely with the masses*' and to integrate all people into the Party-state system through representative and mass-membership organisations, such as local soviets, trade unions, cooperatives, etc; whereas under the Tsar, social groups (zemstvos, the Church, local communities) were isolated from, even though subordinated to the state (Ibid: 229). On the one hand, the Soviet state was formally very inclusive and had strong ties with its society members. On the other hand, the state subsumed the society, in order to totally control it.

The Soviet state made '*extraordinary*' use of '*administratively organised coercion and terror as techniques for ruling its citizens and for purging and controlling its own official cadres*' (Skocpol, 1999: 230). Since the 1930s, the Soviet system was '*pronouncedly inegalitarian*', and some administrative officials became '*privileged and authoritarian*' (Ibid: 229). The '*domestic elite*' used the state apparatus and applied terror against '*other parts*' of society (Ibid: 231). This made the state '*partially autonomous*' within society, although still '*stronger and more autonomous*' compared to the old regime state. (Ibid: 284, 285)

'In sum, the Soviet system that crystallised after 1928 was at once more formally equalitarian and popularly inclusive and more rank-ridden, effectively authoritarian, and coercive than the prerevolutionary absolutist and aristocratic system.' (Skocpol, 1999: 230-231)

The population, peasants and workers were '*more directly incorporated into national politics and state-run projects*'. At the same time, the Revolution strengthened the state and made it '*more centralised, bureaucratic, and autonomously powerful at home and abroad*' (Ibid: 285).

Joel Migdal (2001) also explores the process of state-society interaction. However, he comes to the conclusion that the interaction of societal groups and the state is '*a continuing process of transformation*' (Migdal, 2001: 57), where both the state and society '*are constantly becoming*' (Ibid: 57) and change their structure, goals, and rules. The separation between state and society is not complete. State and society interpenetrate, mutually constitute one other and form a '*mélange in which multiple sets of rules struggle for predominance*' and social control (Ibid: 57). To emphasize this interrelation, Migdal uses the term '*state in society*' (Ibid: 42).

Despite the states' endeavours in '*defining collective consciousness*' and the '*reinvention of society*' (Ibid: 262), states are '*often severely constrained by their domestic environments from achieving an independent reordering of society*'. They are '*hemmed in - indeed transformed*' by the societies in which they operate and their internal forces (Ibid: 56).

Not only internal elements of the society, but also '*global factors outside of the state's control*' limit the state and work '*to thwart or modify the emergence of a state-drawn collective consciousness*' (Ibid: 262). Various social formations, including '*ethnic and other sub-national groups, civil society, the global economy, and so on... have established authority, or at least have tried to*'. (Ibid: 263) These struggles and engagement of the state with society have been transforming both society and the state (Ibid: 56; 263). Moreover, they have led to '*contending coalitions that have cut across both and blurred the lines between them*' (Ibid: 263). It is within these dynamic institutional arrangements that Migdal considers the Soviet state:

'Nowhere, not even in Stalin's Soviet Union, has a society with its own authority disappeared entirely.' (Ibid: 260)

The Soviet state was unable to exercise the necessary influence on societal groups in order to create a centralized and integrated society.

Conceptualising the New Russian State

The post-Soviet Russian state is characterised as having a low degree of '*state autonomy*' (or '*state capture*') (Gel'man, 2004; Libman, 2004), i.e. the demarcation line between public authority and private business is very blurred. Relationships between state and non-state actors are selective (Afanasyev, 2006: 95-96). The state is privately used as a coercive tool and administrative resource in the struggle between different business and power groups. (Libman, 2004; Bocharov, 2005)

'Intervention of the state in the economy is still carried out by civil servants on behalf of the state, however ever more often for the sake of their private selfish interests. The derelict administrative authority is used as an initial condition for the purchase of property rights and their consequent redistribution.' (Gredin, 2003: 3)

Functioning of the state machine is largely shaped by the conflict of interests that state officials find themselves in. The legal system and authority of the state are '*privatized*' (Gredin, 2003; Afanasyev, 2006), or '*captured*' (Libman, 2004). The key role in capturing the state belongs to civil servants, especially '*siloviki*' (security officials) (Volkov and Privalov, 2008: 5)²². Civil servants and politicians start to control businesses in order to individually appropriate profits – the situation also referred to as '*business capture*' (Libman, 2004).²³

Dynkin (2004: 64) notes that as a result of historical circumstances, there are only two forces capable of acting as agents of modernisation in Russia: the state and big business. And since there is no hope for any other actors to become motor of change, it is necessary to harmonize interests of big business and the state as the only potential agents of modernisation in Russia.

²² The Russian case is referred to as '*nomenklatura capitalism*' (Sakwa, 2007: 314) or '*bureaucratic capitalism*' (Volkov and Privalov, 2008: 3).

²³ For more studies about poor state capacity and state capture in Russian regions today see e.g. Sutela (2005), Shlapentokh (2003).

Unlike in the Soviet studies mentioned above, the post-1991 Russian state is characterised as weak, inefficient and failing or even practically non-existent in a number of socio-economic spheres, hence causing the strengthening of informal institutions, growth of importance of personal connections, social networks and clientelism (Afanasyev, 2006: 121-122). As a guarantor and a producing state, the Russian state failed. Its authority '*stretches only to some administrative and coercive actions and attacks on certain economic agents*' (Gredin, 2003: 3). Despite quite common statist, paternalistic thinking of many Russians, the strong state is substituted by a patronage system with '*weak institutional braces*' (Afanasyev, 2006: 106).

'*Feudalism*' and '*patrimonialism*' have re-emerged as terms to describe the new Russian state. (Ericson, 2000; Afanasyev, 2006; Kondratyeva, 2006) It is argued that the way technology is organized in the post-Soviet Russia has a systemic structure that is reminiscent of the feudal system. Thus, Russia is argued to have a strong hierarchical structure of society, based on '*personal allegiance and patronage, ties of trust and reciprocity*', '*personal loyalty supported by a sworn oath with reciprocal responsibilities*', and where superiors hold juridical and economic rights and the responsibility to provide '*justice, protection and other public goods to their subordinates*' (Ericson, 2000: 6). The rights and privileges are highly correlated with the position within the hierarchy.

The State as a 'Feeding Bowl'

Despite often being inefficient, the state tends to be dominant over its people which helps explain the dearth of public participation, civic responsibility, and economic independence. Within the path dependence framework, Kondratyeva (2006) analyses the common attitude to state authorities and power and suggests that many institutions and practices in Russia can be explained through the concept of the authorities as a '*feeding bowl*'. The '*feeding*' function of authorities, it is argued, has been decisive in many respects under the Tsarist and Soviet regimes²⁴. It is argued that relationships

²⁴ During the Tsarist period, the feeding function of authorities would manifest itself in a gift from the Tsar at the dining table, or allocation of land, labour and other resources at the pleasure of the ruler. (Kondratyeva, 2006: 34, 38) Such 'feeding' practices were stable at least until the late 19th century. The stability of such practices is associated with several specific features of the Russian history: 1) lack of mechanisms in the society that would allow society's participation in state affairs; deficit of law-based state bodies 2) low productivity of agriculture and poverty of the population; 3) mixture of

between people in Russia are special, in that '*all members of the community are in a way family members and dependent on the head of the household*'²⁵ (Kondratyeva, 2006: 160). And it is the '*master*' who distributes social resources between different layers of society to a great extent on the basis of personal or family connections (Kondratyeva, 2006: 161). This model of state–society relationships precluded several institutions and practices from developing in Russia, such as public participation in formulation of state policies, civic responsibility, and economic independence.

'Power-Property'

The phenomenon of state capture has been described in detail by Nureev (2006) by means of the concept '*power-property*'²⁶. Nureev was the first post-Soviet researcher to draw a parallel between the oriental despotism (Asian method of production) and socialism (Nureev, 1976, 1990)²⁷. Power-property is understood as a phenomenon

administrative and judicial service until 1864; 4) serfdom as a source traditional practices of patronage and personal dependency (Kondratyeva, 2006: 59-60; 156).

As to the Soviet period, the feeding function of authorities was reflected in the existence of special shops and canteens for state officials, especially for higher party and state officials, separate distribution of deficit goods between governmental officials, and within social classes (e.g. according to their 'contribution to the industrialization'), hidden privileges, and so on (Kondratyeva, 2006: 110). In fact, at least after Stalin's death, the 'feeding hand' belonged not so much to an individual ruler, but to various groups of bureaucrats (Kondratyeva, 2006: 154).

After 1960s, the same model of relationships spread widely in the economy outside the Kremlin - among companies. In order to attract the best human resources, companies started to offer significant social packages: big companies would have their own hotels, hospitals, sanatoria etc for their employees (Kondratyeva, 2006: 154).

²⁵ Patrimonial state in Weberian terms

²⁶ The term was coined by Vasilyev (1982) and elaborated by Semyonov (1980).

²⁷ During the Soviet years, there were two discussions about the Asiatic mode of production, one of which took place in the late 1920s to early 1930s, and the second in 1960s to early 1970s. Both discussions were forcibly interrupted, for such discussions could provide a key to understanding the Soviet regime (for an overview of these discussions see Semyonov, 1993). The official view was expressed by Nikiforov in 1970s: '*Wittfogel in a libellous way extrapolates his conclusions about the oriental despotism on socialist countries, on the state sector in modern developing countries...*' (Nikiforov, 1975: 186)

Comparative studies on the similarity of the so called Soviet socialism and the Asiatic mode of production were carried out by such Russian authors as Vasilyev (1994), Nureev (2001), Semyonov (1993), Shafarevich (1974), Shkaratan (1991, 2000), and Gaidar (1997). The similarity of these

that arises ‘*when official functions are monopolised in the society and when power and domination are based not on private property as such but on a high position in the traditional hierarchy and prestige*’ (Nureev, 2006: 1). These official functions, which are then monopolised, include functions of distribution of the national product; exchange; conditions of production (infrastructure, production experience, knowledge etc); control and management of production. Monopolisation of these functions is later reinforced by ownership of resources.

Nureev traces the development of the institution ‘*power-property*’ throughout Russian history and shows a strong path dependence of the Russian state in this regard. The Russian political and economic system has seen the struggle of two institutional property systems: power-property and private property. Major differences of power-property from private property include the following: property is public and employment-related; civil servants are main power holders; the system of incentives is based on administrative coercion and control (rather than individual incentives to increase personal welfare); the main mechanisms of property rights transfer are reciprocal exchange and redistributive exchange (rather than free market exchange); property rights are intentionally blurred, poorly specified by civil servants in order to receive rent and as a basis for corruption; a minor role of the law and courts.

Further analysis of close ties between power and property in the Russian society was carried out by Radayev and Shkaratan (1991), who define the social order in Russia as ‘*etatcratism*’ (power of the state), the main feature of which is the total bureaucratisation of state institutions who usurped property – with an absolute absence of civil society. Shkaratan (2000, 2004) demonstrates that this ‘*etatcratic*’ social order, based on power-property, being predominant in the Soviet time, persists in the post-Soviet Russia as well. The social differentiation does not have a class character, but is determined by ranks of the power hierarchy. The ‘*power-property*’ relations only ‘*acquired a private property shell, but remained in essence the same*’ (Shkaratan, 2004: 3). In the course of reforms, the bureaucracy ‘*retained their controlling position in power and transformed into upper quasi-bourgeoisie*’ (Ibid: 5).

societies have become a common place in the literature now, however there are still questions about the nature of such similarity (see e.g. Pimenov, 1999: 59). For an overview of these discussions about affinity of the Soviet and Asiatic despotic regimes see Pimenov (1999) and Semyonov (1993).

So, in the post-Soviet Russia, society transformed into a different form of bureaucratic quasi-capitalism, but remained intact.

Similar analysis of the '*power elite*' has been made with regard to the post-World War II United States by C. Wright Mills. Thus, Mills noted the '*tendency of business and government to become more intricately and deeply involved with each other*' and the increasing impossibility of separating these two realms from one another (Mills, 1956: 274).

'The power elite has been shaped by the coincidence of interest between those who control the major means of production and those who control the newly enlarged means of violence.' (Ibid: 276)

There is no '*genuine civil service of skill and integrity, independent of vested interests*' – under a '*weakened and formal*' democratic system (Ibid: 276). Power, wealth, and '*celebrity*' have been accumulated in the '*strategic command posts of the social structure*' (Ibid: 4).

The relationship between state and society has become a widely discussed issue in the post-Soviet Russia. Tatyana Zaslavskaya²⁸ explains difficulties of post-Soviet reforms through the nature of relationship between state authorities/elites and society. The reformative potential of a society is determined, first and foremost, by attitudes and actions of elites (including the upper layer of state bureaucracy) (Zaslavskaya, 2001: 16). It results in the low likelihood of liberal-democratic transformation and development of the rule of law in Russia. Actors interested in realisation of these scenarios are mostly at the '*micro- and meso-levels*' of society and therefore exercise no significant influence on the choice of the trajectory, whereas high-level bureaucracy is mostly interested in authoritarian, conservative-statist or oligarchic scenarios of development (Zaslavskaya and Shabanova, 2001: 22-23). There is no

²⁸ One of the key Soviet and Russian sociologists, as well as the founder of the influential Novosibirsk Sociological School

social '*macro-subject*' interested and powerful enough to carry out democratic reforms. The ruling elite are not used to having a dialogue with the society.²⁹

'No polity has been created that is a reflection of society and that could adapt political structures to changing social needs, creating preconditions for evolutionary institutional change.' (Zon, 2007: 5)

The society is regarded as strongly opposed to the state. Social institutions do not come into being as a result of constant society-state interaction, and therefore do not meet society's demands.

Mezhuev (2000), Pivovarov and Fursov (2001) analyse the gap between the state and society through a generalised concept of power. They show that state authorities have been '*the only socially significant subject of the Russian system*'. They define Russian authorities as '*monosubject*' and '*remote*' (*monosub'ektnost i distantsionnost*'). They trace the roots of this system back to the Tartar Mongol Yoke and argue that it was the Horde that imposed the principle '*power is everything, population is nothing*' onto Russia. (Pivovarov and Fursov, 2001: 50) They argue that in Russia, there is no society (*obshchestvo*) (in the sense of community with diverse interests) beyond the authorities – there is only the people (*narod*) – a faceless, homogenous and voiceless ethnic or confessional (faith based) community (Mezhuev, 2000: 82).

'The law, which embodies the idea of a contract, despite the seeming and ostentatious homage to it, has not become an antithesis to the boundless power...' (Mezhuev, 2000: 83)

At the same time, Kordonsky (2007) argues that there is no opposition of society and state in Russia. Conflicts in the Russian society are not between society and the state, but between estates / classes of the corporative state (FSB against police, prosecutor's office against finance officials, academia against church etc).

In Russia, there is no society in the traditional political-science meaning: Russian society is formed by the state. The whole politically active society is made up of the

²⁹ For more analysis of post-Soviet reforms in the light of society-authorities confrontation see Shelokhaev, 2000; Diligensky, 2000.

remnants of the old apparatus. There are no other communities, other than those formed by the previous apparatus. There is only a civil society that is artificial in the sense that NGOs are totally dependent on foreign funding. These communities, a civil society based on the remnants of Soviet structures or ‘grant’-society, are not sustainable without the state but rather subsumed by the state (Kordonsky, 2007).

Similarly, Kosova (2008) refers to the Russian state as penetrating all spheres of social life and, thus, crowding out civil society: there arises simply no need for horizontal partnership links. If one defines civil society as a developed network of formal institutions that limit natural expansion of authorities and does not allow dominance of authorities over society, then there is no civil society in Russia, for there are no formal universal means that could prevent a civil servant from realising any decision he sees as proper. The only force that could do that is the authority above that civil servant. In other words, all means of restricting the expansion of the authorities lie within the authorities themselves. In the modern Russian society, the main principle of social interaction is not cooperation or search of compromise, but power / coercive politics (*silovoe davlenie*).

‘A simple Russian individual continues to exist in an atomised social space, where he is face to face with the authorities – without a supporting or protecting collection of horizontal links. And, one should note, he is comfortable like this and does not want to change the situation. He does not need horizontal partnership links. He is quite happy with the ‘vertical of power’ (vlastnaya vertikal)’ (Kosova, 2008).

An alternative view on the post-Soviet society has been expressed by Ruth Mandel and Caroline Humphrey (2002), who stress the diversity and significance of ‘*socially-constituted practices*’ (Mandel and Humphrey, 2002: 4) and the ‘*market in everyday life*’ (Ibid: 1). ‘Market’ is regarded as a new ‘*regime of power*’ (Ibid: 13), which has come to largely replace state institutions (Ibid: 9). Their study takes an anthropological approach and explores ‘*the ways people now engage with their market replacements, and deal with the gaps where there are no replacements*’ (Ibid: 10).

The nature of the Russian state is often explained through dominance of informal ties and poor law enforcement - '*unrule of law*' (Gel'man, 2004) '*legal nihilism*' (Zon, 2007), and '*cynicism about law*' (Kurkchiyan, 2003). Kathryn Hendley refers to the '*dualistic legal state*' (Hendley, 2006): formal and informal normative systems run parallel to each other; formal law is not completely irrelevant, but its relevance is confined to certain segments of the market; recourse to formal law is only one of available options (Pistor, 1999; Hendley, 2006, 2007). Formal law is enforced selectively, i.e. the government uses formal sanctions in an instrumental manner to reward loyal actors or punish disloyal ones (Paneyah, 2002). This situation finds reflection in the popular Russian proverbs 'Law is like a shaft of a cart, it points wherever you turn it to' (*Zakon chto dyshlo – kuda povernut, tuda i vyshlo*) (Afanasyev, 2006: 120); 'Law does not *have an effect*, but *is applied*' (*Zakon ne deystvuet, a primenyayetsya*) (Paneyah, 2002: 158).

These characteristics of the state are strongly interrelated with persistence of such informal institutions as clientelism; 'statist' psychology, i.e. the habit to blame authorities for all failures; deficit of social capital, trust and public institutions (Ledeneva, 1998; Afanasyev, 2006); and low demand for law among consumers of the public good (Solomon, 1997; Gibson, 2003).

'Both law and law-enforcement agencies are greeted with a skepticism that has been bred for decades — if not for centuries — by the experience that extralegal motives often influence decision making and that law is chiefly an instrument of those in power...' (Pistor, 1999)

Due to a distrust of formal law, Russians '*rely much more on informal mechanisms*' – individual networks of trust, relationships, private security services, and so on (Ibid).

The discrepancy between legal and everyday norms results in the situation where reference to law is problematic in the eyes of actors. Reference to law becomes not a common way to resolve conflicts, but rather the last method to punish an infringer of informal conventions. The law, being excessively severe, becomes not a framework

for interaction, but a resource of one party (Paneyah, 2002: 156 – 157; Hendley, 2002: 144).

A strong system of informal institutions that do not always correspond to formal institutions causes conflicts of legal cultures in Russia and is considered the main obstacle to reforms in Russia (Bocharov, 2005). It is argued (Ibid: 185) that Russian laws that guarantee private property rights do not correspond to traditional legal ideas and are therefore not perceived by majority of the population as legitimate, hence making the state a '*criminal state*'. At the same time, some '*criminal*' practices, such as corruption, represent deep traditional practices and norms in Russia.

Similarly, Kordonsky (2007) emphasises the necessity to analyse Russian society and state through the prism of informal institutions and abandon some usual Western conceptions as inadequate for explaining Russian reality. Thus, Kordonsky refers to the concept of civil society and argues that civil society in Russia is very '*unusual*'. There are few organised, institutionalised forms of civil society in Russia. Far more popular is an alternative form of civil society, namely that of '*blat*' (favours), corruption and connections '*outside of the state*' and '*in opposition to the state and its modernisation attempts*' (Kordonsky, 2007: 2). This form of civil society is a reaction of the population to numerous radical reforms introduced by the state, an effort to neutralise them and adapt to them.

The prevalence of informal institutions over the formal institutions in Russia, or '*informal institutionalisation*' (O'Donnell, 1996), encouraged researchers to acknowledge the specific, '*abnormal*' (Rosefielde, 2005) nature of the Russian society and to abandon orthodoxy in their analysis, critique and policy recommendations (O'Donnell, 1996; Hedlund, 1999, 2005; Rosefielde, 2005). At the same time, it is maintained that in order to '*rid the legal system of direct political influence*', one needs to first and foremost redefine the relationship between the state and the law (Pistor, 1999).

3.2 The Forest Sector in Historical Perspective³⁰

Law Making and Enforcement

‘Throughout the 19th century, there were numerous forestry and forest management experiments. One would create and destroy, constantly change principles, install opposite systems – one after another... We have tested in practice everything we invented ourselves and everything ready-made we received from the West’³¹ (Zhudra, 1875: 1-6)

Zhudra describes the law-making process as inconsistent, unsystematic and radical. He believes that this ‘*absence of the system*’ and ‘*contradictory arrangements*’ caused ‘*unsatisfactory results*’ of Russian forestry. (Ibid: 5)

‘Everyone who often deals with the current Forest statute, knows well the utmost irregularity in the way it is organised, as well as the fact that few of statute’s articles are still valid: most of them have been repealed, others – changed, complemented; the rest, though still untouched, lost their significance.’ (Forest Journal, 1871. Issue 1: 79)

‘I had a forest on Sheksna. Illegal felling was constant, forest guards would be tied together and would witness the logging. 10,000 trees were cut, I asked for 580 roubles, the court adjudged 260 roubles; 2.5 roubles were collected. I sold my estate, as I could not protect it.’ (Forest Journal, 1879, Book 4: 209)

This anonymous entry indicates how illegal felling was a considerable problem. The concerned individual was able to get a court judgement for illegal felling on the land but collection of the dues as well as prevention of further felling continued to be an obstacle so the individual sold its estate.

³⁰ This chapter draws heavily on the Forest Journal – the first forestry periodical in Russia (published by St. Petersburg Forest Society (initially under the Ministry of State Property) since 1833) and the most influential forestry journal in the 19th century.

³¹ Zhudra / Forest Journal, 1875, Issue 16: 1-6

Other anonymous participants of the forest sector complain that '*fines are heavy, but never levied*'³², '*only every tenth violator is caught, if anyone at all*'³³, i.e. despite the severity of the law, forest violators tend to remain unpunished.

'It turned out that all those scientific terms, such as 'increment thinnings', 'dark and light cutting areas', etc just cleverly masked theft – robbery, theft and fraud... Forest management lost every credit, and rational forestry began to stand for minimum opportunity for abuse for the master himself... All economic measures and arrangements would ignore science, nature, and experience, but aim at protecting forest from forester's inclination to steal.'
(Yegorov, 1915: 1021-1022)

The quote from Yegorov indicates that illegal felling was carried out by foresters, i.e. by people appointed by the state to protect the forest. This situation shaped forest legislation, namely predetermined introduction of clear cutting as a predominant felling method (since clear cuttings are easier to control than increment thinnings), as well as ideas about rational forestry.

'My brothers have 60 thousand desyatin³⁴ of forest, but they do not know how to protect it... Now guards have to walk in threes, because one requires at least two (sic!) witnesses. The law is flawed as it requires proof of forest crimes.' (Forest Journal, 1879, Book 4: 210)

This, also anonymous, source expresses concern about protection of private forests. He notes that cases of illegal logging are hard to take to court, because the law requires steadfast proof of forest violations, which is difficult to provide.

Landlords often considered forestry '*unprofitable*', and therefore forests were often sold or converted into plough land³⁵.

³² Forest Journal, 1879, Book 4: 209

³³ Forest Journal, 1879, Book 4: 201

³⁴ One desyatin used to be a land square measurement unit equal to 1.09 hectares.

³⁵ Journal of Ministry of State Properties, 1864, January: 113

‘As long as our economy was based not so much on exploitation of natural forces, but more on exploitation of human labour, plough land and fields – even the worst ones – were bound to look more lucrative than forests, where one could not apply free labour a lot.’ (Journal of Ministry of State Properties, 1864, January: 113)

Other reasons that caused landlords to fell forests and treat them without due care included: inability to use forests as a pledge (because ‘*it is impossible to accurately evaluate the vast forests and because it is difficult to control the way they are managed*’³⁶) and consequent shortage of credit for private forest owners³⁷; traditional Russian rural institutions, such as overlapping of field strips (*cherespolositsa*)³⁸. Among legislative shortcomings that provoked wood felling an important role was played by taxation system.

‘Rational forestry can be afforded only by rich people, who have free capital; and such forest husbandry is run as a charity... It is necessary to encourage forestry through taxation system, and make it more lucrative.’ (Forest Journal, 1895. Issue 4: 522, 524)

Land and forest taxes varied between different regions. Sometimes they were forestry supportive, but in most cases forest-destructive, since plough land and forest land were often taxed at the same rate³⁹, whereas return rates on bank capital were over three times higher than return rates on forestry.⁴⁰

State, Society, Interactions

Some traits of the interaction between the state and societal groups in the 19th century found reflection in the issue of forest protection and illegal felling. Peasant forests

³⁶ Forest Journal, 1879, Book 4: 219

³⁷ Forest Journal, 1879, Book 4: 219; Works of the IVth All-Russian Congress, 1879: 36

³⁸ Forest Journal, 1879, Book 4: 204-207; Abstracts from the Works of the Commission.../ Forest Journal. Book 1. 1879: 16-34

³⁹ Forest Journal, 1879, Book 4: 203

⁴⁰ Forest Journal, 1895. Issue 4: 522-524

used to be cut illegally ‘*almost entirely by peasants of the same communities that own the forests*’⁴¹.

One of the reasons that peasants cut wood was seasonal unemployment and lack of skills that could be used during winter (i.e., when there was no agricultural work)⁴². The government failed to encourage other crafts and industries so peasants would ‘*cut wood themselves and sell firewood, or sell it on the stump to lumbermen*’⁴³.

Peasant forests were guarded by forest rangers ‘*who were elected among state peasants for the period of three years*’ (Ibid: 115), i.e. the forest ranger had to protect the forest from the people who hired him and on whom he depended – as an employee and as a member of the community.

‘Incidents of theft and arson are very frequent; a forester was killed in broad daylight and in the middle of the village, the criminals were not found, although everyone knows them...’ (Forest Journal, 1879, Book 4: 202)

Both examples show how it was society, not the state that sanctioned theft and tolerated impunity of forest violators. Several sources indicate that peasants ‘*do not consider wood felling as theft*’ and therefore support their fellow villagers.⁴⁴ Local communities and the state considered forest property rights differently. The local population was convinced that forest was ‘*not grown by the landlord, but by God*’⁴⁵ and ‘*should belong to everyone*’⁴⁶. So, any logging restrictions could also cause cutting ‘*out of spite*’:

‘Plots are ruthlessly cut, without any need or profit, and timber is either sold almost for free or stays to rot.’ (Forest Journal, 1879, Book 2: 114-116)

⁴¹ Journal of the Ministry of State Properties. Part 87. 1864, September. St. Petersburg, 1864: 6-7

⁴² Forest Journal, 1879, Book 2: 114-116; Forest Journal, 1879, Book 7: 416-419; Forest Journal, 1879, Book 4: 204-207

⁴³ Forest Journal, 1879, Book 2: 114-116

⁴⁴ Forest Journal, 1879, Book 4: 202; Forest Journal, 1879, Book 7: 418

⁴⁵ Forest Journal, 1879, Book 4: 202

⁴⁶ Forest Journal, 1879, Book 2: 114-116

The population considered state bodies and judicial courts as powerless and '*unable to do anything against wood felling*'⁴⁷.

'A forester, in the eyes of peasants, is a punishing person, an enemy with whom they are in the continuous state of war. Announcements of forest administration that are sent to the volost' administration, are neatly filed together or put on the walls, where, surely, no one reads them.' (Forest Journal, 1879, Book 2: 114-116)

We see how peasant communities and foresters were in a state of conflict with each other, and that the local peasant population ignored state forest policies and instructions.

An anonymous source suggests that peasants were not persuaded '*that this or that forest land is under state control for their own good*', and that state forest management bodies were not '*authoritative in peasants' eyes*' (Forest Journal, 1879, Book 2: 116-117).

The above evidence suggests that the rule of law was very weak in the 19th century forest sector, and interaction between state and non-state actors was to a great extent shaped by informal institutions.

Problems of the forest sector caused debates about forest property rights. Some state officials in pre-1917 Russia supported private property rights and said that the government should not take drastic measures that might constrain private property rights.⁴⁸ Other participants of the forest sector expressed their concern that private forests were in a '*desolate condition*' (Anon. In: Forest Journal, 1879, Book 4: 204) and were '*destroyed by the owners themselves*' (Anon. In: Forest Journal, 1879, Book 4: 205). Private forestry is said to be pursuing the goal of '*maximum profit, i.e. far from the goal of state forestry*'⁴⁹.

⁴⁷ Forest Journal, 1879, Book 4: 209

⁴⁸ Abstracts from the Works of the Commission.../ Forest Journal. Book 1. 1879: 20; Forest Journal. 1871, Issue 1: 41

⁴⁹ Kuznetsov / Forest Journal, 1917. Issue 9-10: 658

‘Once the owner dies, the experienced forester leaves, there is a lack of money, and nothing is there anymore from the one-time forest that was nurtured with care during many dozens of years – apart from memory.’
(Kuznetsov / Forest Journal, 1917. Issue 9-10: 658)

Kuznetsov argues that private forestry may suffer from financial constraints, lack of expert knowledge and to be ‘*accidental*’, ‘*not notable for particular sustainability, continuity or consistency*’ (Ibid: 658).

In a special survey carried out among foresters from various regions, a frequent answer to the question of whether peasants treat forests that they were allotted with care, was ‘*They have already cut and sold almost everything.*’ (Forest Journal, 1879, Book 4: 214)

‘Hardly 30 years have passed since the experiment of giving forests to state owned peasants, where they were allotted about seven million desyatins of forest. Most part of these forests were destroyed shortly thereafter.’
(Kuznetsov / Forest Journal, 1917. Issue 9-10: 657)

Kuznetsov indicates his disappointment with the results of the Emancipation reform of 1861, after which peasants were granted the right to buy the land that they previously worked on, but used it wastefully.

There is evidence⁵⁰ that peasants were willing to buy out forest land which was not always the case with plough land, because, unlike plough land⁵¹, they would gain immediate and total control over forests and would not depend on administration anymore. However, right after the emancipation, once every state intervention in the exploitation of peasant forest ceased, and peasants became in this regard totally free, they preferred to immediately fell the wood, at least partly.

In response to this it was argued that since the problems were fundamental and rooted in the very socio-economic system of the country, where local community and private bodies could not cope with common interest issues, measures should be radical,

⁵⁰ Journal of the Ministry of State Properties. Part 87. 1864, September: 5

⁵¹ As they would not be able to buy the whole land plot at once, administrative control would be there for a long time, i.e. peasants saw no difference for them before and after ransom.

namely all forests should be put under governmental trusteeship.⁵² However, there was no univocal conclusion on this issue. As there was no substantial evidence that it was the property rights structure that unambiguously caused forest mismanagement.

3.3 Analytical Framework

After the previous chapters explored the interactive relationship between structure and agency, nature and society; the specificity of state-society interaction in the Russian case; and pointed out how past paths of development may restrict opportunities of future change, this section presents an analytical framework for analysis of institutional change in the Russian forest sector (Figure 1).

This analytical framework accounts for economic, political, social, environmental, cultural, and historical factors affecting institutional change in the Russian forest sector. The process of institutional change in the Russian forest sector is analysed through the prism of state-society interaction. The Figure 1 shows major links and interconnections between stakeholders of the forest sector, who constitute state and society. Some obvious legal links (e.g. between state bodies) have been omitted. The arrows between each pair of actors indicate the ability to influence each other's behaviour.

The Russian state is a complex body, which consists of federal, regional and local governments and forest management organs, which may or may not enter into conflicts and clashes with each other. It also encompasses state companies, which may differ in certain respects (policies, practices, role and power) from their private counterparts.

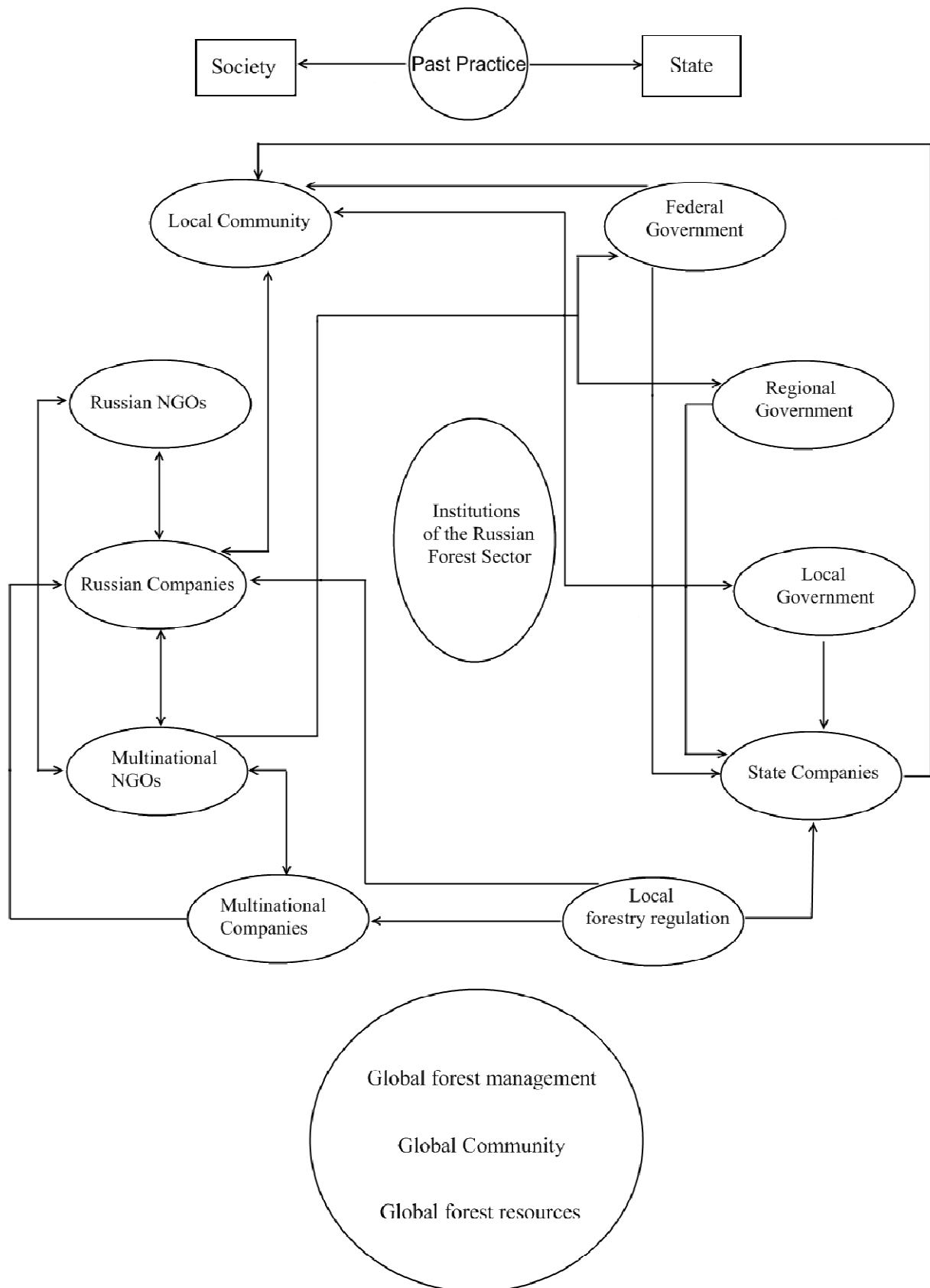
The society is made up of local communities and activist groups, domestic and global non-governmental organizations, domestic and global private companies.

⁵² Zhudra / Forest Journal, 1876, Issue 3: 6-7; Ponomarev / Forest Journal. 1895, Issue 2: 117-120; Kuznetsov / Forest Journal, 1917. Issue 9-10: 657-658

Institutional change of the forest sector occurs at the intersection of state–society interactions. However, it is also influenced by further three big sets of factors (which also affect society and state): 1) past practices (history of society, state, and forestry practice in the country); 2) global social environment (including global forest management practices, beliefs and demands of the global community, etc); and 3) global natural environment (global forest resources).

All elements of Figure 1 (except ‘Past practice’) may be considered, under certain circumstances, as agency or structure. For instance, local community (with its particular customs and common practices) may limit the spectrum of state forest policy measures (and thus act as structure). At the same time, local community may play the role of an agent and drive the change (e.g., through campaigns, active interest in forest management, etc). Similarly, state bodies may stimulate or, on the contrary, stifle the development of NGOs or timber companies (through legislation, state programmes, budgets, administrative tools, etc). Links between other actors can be described in a comparable way. The nature of actors’ dialogue and interaction with each other, mechanisms of feedback and cooperation predetermine the path of institutional change in the forest sector.

Figure 1. Analytical Framework for Analysis of Institutional Change in the Russian Forest Sector



Source: Author's own compilation based on the theoretical literature reviewed above

Conclusion

This chapter discussed Russian forestry in historical perspective, and the effect of past practices on the state and non-state participants of the forest sector today (the top elements of Figure 1). It analysed major issues of the Russian forestry in the second half of the 19th century. It revealed that there were two main problematic areas: 1) legislation and law enforcement, and 2) relations between social groups, as well as between society and the state. Existing legislation, whilst being inconsistent, contradictory, unsystematic and ignoring major principles of sustainable forest use, did not provide a necessary ground for adequate forest protection. The taxation system made forestry unprofitable in comparison to other economic activities and caused forest felling, and caused a perception of forests, as something valueless and not worth preserving.

Poor law enforcement was related to the nature of state–society interaction. There was a conflict between society's needs (e.g. employment) and the state's policies. This led to open conflicts between civil servants / state foresters and local communities (over the issue of illegal felling). Locally elected forest rangers, whilst being supportive of and dependent on their community and at the same time being obliged to protect the forest, found themselves in a situation of the conflict of interests.

Some conflicts between state and society were caused by different views on forest ownership and rights of forest use. Moreover, the local population did not necessarily consider state bodies as legitimate or powerful, and therefore could ignore state regulations. Forest law violations were caused both by state policies and by the attitudes of local communities.

Issues of the Russian forestry were located into a wider context of state-society interaction. It is important to separate the state from society - as two major types of actors - when studying Russian forestry (in Figure 1, state and non-state actors are indicated on the opposite sides). Russian and Western literatures on the nature of the Tsarist, Soviet and post-Soviet Russian state were reviewed. The chapter revealed the special nature of the Russian society, state and history. The Soviet / Russian state is widely regarded as a central element in the institutional system: an apparatus of violence and coercion, with a dominating role of state bureaucracy.

Some major arguments about relations of state and society were reviewed. The Soviet state is seen by researchers as opposing the society, subsuming and shaping the society, as being relatively autonomous from the society, or submerged into society and constantly co-evolving with it.

The Russian state has undergone certain changes during the period of its existence: the extent of its autonomy and capacity is believed to have been changing with the rise and decline of the Soviet regime.

The role of power distribution and elites in reforming state and society was discussed. Some arguments were presented about particularly strong ties between power and property as a characteristic feature of the Russian state and as a crucial concept (power-property) for understanding the class structure and developments in the society.

Different analytical perspectives on the Russian state were presented: state as a complex actor; and state as a resource that is used by actors for personal ends ('privatised state', 'feeding bowl', etc).

Russian researchers tend to put a lot of emphasis on the path-dependence of the Russian socio-economic and political development. There is a tendency to explain problems of the modern Russia through long-lasting traditions and social practices.

The discussed features of the emerging post-Soviet state included 'informal institutionalisation', 'unrule of law', as well as intricate and selective relationships between state and non-state actors.

The Russian state and society may be specific enough to make their analysis through the prism of Western conceptual frameworks not helpful and, therefore, calling for new approaches and analytical apparatus.

CHAPTER FOUR: METHODOLOGY

This chapter aims to outline the methodology of the thesis and discuss its limitations. First, general methodological considerations are outlined. Second, the involvement of the researcher herself is explored. Third, the research strategy and approach, including the inter-disciplinarity of the thesis, are discussed. The main stages of the research project and the employed research techniques are presented.

4.1 Methodological Considerations

The nature of my research question (How and why do institutions change in the Russian forest sector?) predetermined my choice of methodological approach and techniques. The two main research questions of the thesis are ‘How and why do institutions change in the Russian forest sector?’ In order to answer these questions, I need to examine the process of and development of formal and informal institutions, as well as factors that prevent certain institutions from coming into being and what makes certain factors determinant for particular trajectories of development in the forest sector. Qualitative studies are particularly valuable for research that delves in depth into complex processes (of which societal processes and innovative processes are examples), exploration of interaction between policies and practices, research of informal or unstructured linkages and processes in communities, research on real as opposed to stated organisational goals, and research for which relevant variables have yet to be identified. (Marshall and Rossman, 2006: 53) All of these have to be dealt with in my research. This research is mostly exploratory and descriptive, where a great role is played by the context, setting, participants’ interpretation and experiences - an area where qualitative research methods are believed to have a potential to capture more (Marshall and Rossman, 2006: 54). The intention of the study is to aim at a comprehensive analysis of the phenomenon of institutional change in the Russian forest sector, instead of simple correlational statements with a limited list of pre-defined variables. A number of concepts and phenomena that I deal with are difficult to quantify or precisely measure (such as characteristics of the state, interactions between stakeholders, informal relations in the society, etc). In this study, I listen to voices of different stakeholders in the Russian forest sector and analyse their vision and interpretation of the situation. Hence, qualitative techniques appear more appropriate.

‘Those of us who aim to understand and document others’ understandings choose qualitative interviewing because it provides us with a means for exploring the points of view of our research subjects, while granting these points of view the culturally honored status of reality.’ (Miller and Glassner, 2004: 127)

Qualitative studies intend to provide not so much objective, ‘*pure*’ pictures, or ‘*mirror reflection*’, of the social world obtained ‘*in a sterilised context*’ ‘*that positivists strive for*’ (Miller and Glassner, 2004: 125-126), but rather ‘*access to the meanings people attribute to their experiences and social worlds*’ (Ibid: 126).

‘Qualitative researchers stress the socially constructed nature of reality, the intimate relationship between the researcher and what is studied, and the situational constraints that shape inquiry. Such researchers emphasize the value-laden nature of inquiry. They seek answers to questions that stress how social experience is created and given meaning. In contrast, quantitative studies emphasize the measurement and analysis of causal relationships between variables, not processes. Proponents of such studies claim that their work is done from within a value-free framework.’ (Denzin and Lincoln, 2003: 13)

At the same time, one should not go too far in stressing the social constructedness of reality. In this respect, I join Miller and Glassner (2004) in their belief that it is possible to learn about the social world beyond the interview in analyses of interview data (Miller and Glassner, 2004: 126).

All of this justifies my choice in favour of qualitative research methods. What also attracted me was that due to its focus on discovery, qualitative research allows for a significant flexibility of research design. Qualitative studies encompass a wide array of interpretive activities and methodological practices, which include semiotics, narrative, content, discourse, archival and phonemic analysis, even statistics, tables, graphs, etc. (Denzin and Lincoln, 2003: 9; Miller et al, 2004: 326) The combination of different methods of data collection was necessary to explore my research question.

4.2 Positionality of the Researcher

I realised that the researcher's position within the project, namely the simultaneous status of the insider and of the outsider, affected my ability to engage with people I interviewed or observed, as well as to interpret the obtained data. My position also had a direct bearing on responses that I was given. On the one hand, my being Russian and having spent most of my life in Russia made my research in certain respects easier (such as communicating with interviewees in their native language, obtaining access to certain sites and respondents, establishing research and working relationships with participants of the forest sector, and interpreting data). In the recent years, there has been a trend within sociology *'to move from an understanding of social life through structures and systems to a growing appreciation of contingencies and uncertainties, coupled with a growing sense of cultural diversity'* (Featherstone and Lash, 1999: 1). As Scott Lash argues, communal knowledge is *'hermeneutic knowledge and the latter is only possible when the knower is in the same world as and 'dwells among' the things and other human beings whose truth she seeks. Community does not involve chronic problematization of the signifier, but is instead rooted in shared meanings and routine background practices'* (Beck, Giddens, and Lash, 1994: 157).

My Russian identity was important for gaining entry into some physical spaces (Russian old-style private companies, state organisations, academic institutions), as well as the cultural and discursive space (understanding their world views and implicit and 'between the lines' statements). Very often, interviewees were more open and direct with me than with foreign researchers (which I witnessed on several occasions when I first talked face to face to interviewees and later on approached them as member of a mixed group of Russian and foreign researchers).

On the other hand, I am a student at a Western university and, hence, often perceived as someone 'from a different system' and, therefore, raising suspicion. In some situations, my part-time collaboration with a Russian non-state research institute also caused certain distrust between interviewees and myself.

It is also necessary to make a reservation that in the process of data collection and analysis, I was guided by my intuition, based on previous knowledge about history, culture and societal processes in Russia and situation in the Russian forest sector.

I tried to avoid two main types of threats to validity – researcher’s bias and the effect of the researcher on the individuals studied (*‘reactivity’*) (Maxwell, 2004: 108). I understand that my research has been influenced by my own preconceptions and paradigms. As Geertz put it (Geertz, 1973: 9), *‘what we call our data are really our own constructions of other people’s constructions of what they and their compatriots are up to’*. I was trying to reduce the potential impact of my views on respondents’ answers (at the preparatory stage, while designing interviews and in the course of interviews themselves). Similarly, caution was taken not to over-interpret the data or to offer any pre-determined conclusions. However, I did not strive to completely eliminate my personal influence on the outcome of the study, but rather to make sure I am honest about my position.

‘Qualitative research is not primarily concerned with eliminating variance between researchers in the values and expectations they bring to the study, but with understanding how a particular researcher’s values and expectations influence the conduct and conclusions of the study.’ (Maxwell, 2004: 108)

Qualitative researchers seem to agree that *‘interviews are not neutral tools of data gathering, but active interactions between two (or more) people leading to negotiated, contextually based results’* (Fontana and Frey, 2003: 62).

‘Each interview context is one of interaction and relation; the result is as much a product of this social dynamic as it is a product of accurate accounts and replies.’ (Ibid: 64)

The interactive nature of all interviews was similarly emphasized by Holstein and Gubrium (2004: 140), Miller and Glassner (2004: 135).

During my research, I acted not only as an interviewer or an observer, but also became an observing participant. I took part in a week-long training seminar and round tables on the forest certification and sustainable forestry practices in the North-

West of Russia (organized for logging companies). I participated in a working group carried out in Petrozavodsk as part of the process of creating a new Model Forest in the Republic of Karelia (with participants from the private sector, state agencies, academia, local population, and NGOs). In Summer 2007, I participated in consulting projects for Segezha pulp-and-paper plant and Stora Enso. In May - September 2007, I was involved in organization of public hearings regarding forestry issues in Segezha, Valday and Opol'ye. So, I was actively engaged not only in understanding ongoing changes in the forest sector, but also in implementing them.

4.3 Research Strategy and Approach

4.3.1 Inter-disciplinarity of research

Research for this dissertation is inter-disciplinary. First, institutional analysis lies at the intersection of economics, political economy, politics, law, sociology, psychology, history and possibly other disciplines. This is particularly true for studies related to natural resources and forestry, for forests exist and develop in political, legal, economical, demographical and social surroundings and are exposed to human influence in many different ways (Ernst (2000); Nakashizuka (2007)). Forest-related problems are very complex both in ecological and social terms. The necessity of interdisciplinary approach to forest-related issues has been demonstrated by e.g. Marcin (1995); Walters, Sabogal, Snook, and Almeida (2005); Berkes, Folke, Colding (2000).

Second, my project is meant to encompass studies of current and earlier trends of development and, hence, requires different techniques that would allow analysis of phenomena of 'today' and 'yesterday'. In order to retrieve complete (or at least as complete and comprehensive as possible) information about ongoing processes, it appears necessary to employ not only analysis of written texts (as in the case of historical analysis), but also more interactional methods. So, several approaches were blended, including archival and comparative historical analysis, participant observation, interviews, and textual analysis.

However, the trend of interdisciplinary work is not one that could be found in Russian studies of the forest sector. I have found no other studies applying my methodological approach to the Russian context and to the issues I study. There have been individual

studies – either providing historical reviews (e.g. Shutov, 1991, 2002) or studies of a narrow range of current problems (e.g. Tysiachniouk 2003, 2006, 2007, 2008). However, I have not encountered any studies that aimed to provide a broader picture and blend several approaches.

4.3.2 Main stages of the research

Archives

In the study, I refer to primary and secondary sources of information. Secondary sources (including specialised literature, current periodical literature, and on-line resources) added historical depth to my analysis that would have been otherwise unattainable given the limited time-frame of my research.

There were two major parts to my research related to collection and analysis of primary sources. The first stage was gathering and analysis of historical data. During the first four months of my fieldwork, I was conducting research on the historical development of the Russian Forest sector – mainly in the archives of the National Library of Russia (St. Petersburg) and the library of the St. Petersburg State Forest-Technical Academy (founded in 1803 and later becoming the biggest library of forest literature world-wide). The sources studied were mostly primary sources of the second half of the 19th century and early 20th century.

The second part of my research was focused on contemporary situation and the main tools were interviews and participant observation. This part of research consisted of four major steps, which were sometimes made consecutively and sometimes simultaneously: selecting sites and participants, establishing research relationships with participants of the forest sector, data collection, and data analysis.

Sampling and Selection of Sites and Participants

The study required a multi-sited and multi-vocal approach. Being ‘multi-vocal’ implied that care was taken to listen to and represent a broad range of views from those interviewed. Based on the depth and breadth of interviews conducted, not every detail could be incorporated. However, careful and repeated coding of interviews aimed to ensure that principle themes were represented fairly.

(a) Sampling

The sampling in my research was '*purposive*', or '*theoretical*' (Robson, 2002: 193). Purposeful, or theoretical, sampling implies that potential sites and respondents were considered and compared in terms of information I would be able to obtain and its utility for the goals of my project and theoretical constructions (Strauss and Corbin, 1998; Glaser and Strauss, 1977). Thus, four major geographic areas were decided upon: Moscow (where several key NGOs are based), St.Petersburg (due to its major libraries with archives, forest research institutions, as well as headquarters of several major business players in the timber sector), the North-West (European part of Russia) and the Far East of Russia (Asian part of Russia) (as regions of particular importance in terms of endowment with forest resources and scale of forest industry operations, as well as two cases of different histories and different forestry traditions, economic development, proximity to different markets, distance to Moscow, natural-physical characteristics, etc). The title of this dissertation points to an examination of forest sector in 'Russia'. However, regions of Russia are most diverse and the material presented here cannot speak for all parts of the country and all stakeholders of the forest sector. Conducting more case studies in other regions would most likely have complicated the picture. However, the analysis here does not claim to provide a complete picture, but rather to provide an examination of the key ongoing process and identify some key points. So, why did I choose those regions?

(b) North-West Fieldwork

North-West Russia includes the Republics of Karelia and Komi and the Archangel, Leningrad, Murmansk, Novgorod, Vologda and Pskov Oblast (regions). In addition to these regions, the official Federal District of Northwest Russia includes the City of St.Petersburg, Kaliningrad Oblast and Nenets Autonomous Okrug. Russian units of regional administration are Republic, Federal City, Oblast (region), Autonomous Oblast, Autonomous Okrug (district), and Krai (district), which all have the equal status of a constituent entity of the Russian Federation. The North-West Federal District has a very intensively operating forest industry sector and ranks first in Russia according to production of wood products. The Russian North-West accounts for the production of 30% of Russian sawnwood, 40% of plywood, about 40% of commercial timber, 50% of cardboard, and 60% of paper (Sokolov, 2005).

The research was carried out in the Republic of Karelia and Leningrad Oblast. The Republic of Karelia is one of the leading forest regions in the European part of Russia. According to official statistics as of 1998, the total area of the forest fund in Karelia amounted to 82% of the Republic's territory, including land covered by forest (63% of Republic's territory). Forest industry provides 30% of the income of Karelian budget (Opyonyshev, 2001).

In the Leningrad Oblast, the share of the pulp-and-paper and woodworking industry in the overall industrial production of the Leningrad region amounts to 12.4%. Thanks to its forest resources, the province is one of the leading zones in the North-West of Russia in forest harvesting, woodworking and timber export (Government of Leningrad Oblast...).

(c) Far East Fieldwork

The Far-Eastern Federal District comprises nine provinces, namely the Republic of Sakha, Primorsky Krai, Khabarovsk Krai, Amur Oblast, Kamchatka Krai, Magadan Oblast, Sakhalin Oblast, Jewish Autonomous Oblast, and Chukotka Autonomous Okrug. According to Russian forest standards, the majority of Russian Far Eastern provinces are classified as well-forested regions (Sheingauz, 2000: 134). The Russian Far East has long been regarded by Russian authorities as a timber resource base.

In the Far Eastern part of Russia, I visited and studied two regions that appeared most significant for the forest sector and where regional timber production is concentrated, namely Khabarovsk Krai and Primorsky Krai. Khabarovsk Krai is the third most important region of Russia and the most important region in the Far Eastern Federal District according to its production of commercial timber. Most of this timber is exported. I was also attracted to this region by the changing trends in the timber trade. For instance, whereas in 1998, 79% of exported timber was sold to Japan and only about 7% to China; in 2006, 28% was sold to Japan and 61% to China. This has a big impact on the forest sector inside Russia, for over 90% of the Krai's timber products are exported, and predominant item of export is round unprocessed wood (95-97%). About 18 thousand people are employed in the forest sector of Khabarovsk Krai. The forest sector contributes about 20% to currency earnings of the Krai (Official website of the Government of the Khabarovsk Krai (a)). The share of the forest sector in the total volume of industrial production of the Krai amounts to about 13%; its share in

the Krai's revenue from industry being about 10% (in 2006) (Official website of the Government of the Khabarovsk Krai (b)).

The situation in the forest sector of Primorsky Krai is in many respects similar to Khabarovsk Krai. Despite its significant potential, the forest sector of the Krai is in a condition of crisis and contributes only about 7% to the Krai's total volume of production (2003) (The Programme of Development of the Forest Industry Complex of Primorsky Krai..., 2004: 85). It is the fourth largest source of revenue for the regional budget (The Programme of Development of the Forest Industry Complex of Primorsky Krai..., 2004: 89). The structure of the region's forest sector is similar to that of Khabarovsk Krai: most of timber produced (four fifths of all timber products) is exported as round wood (84% of exported forest products in 2003) to Asian markets. About 14 thousand people are officially employed in the forest sector of the Krai, i.e. about 9% of the population (The Programme of Development of the Forest Industry Complex of Primorsky Krai..., 2004: 17).

The geography of my research covered big cities, towns, small villages and forest settlements. In order to reach interviewees, I had to travel by air (ten-hour flights), by train and by car. Long travel distances precluded me from carrying out multiple rounds of interviews with the same stakeholders. The geographical factor was also responsible for curtailing the list of potential interviewees (in numbers and geographically). Some respondents were hardly accessible, particularly during the winter period, for instance in remote forest settlements and leskhozes, which one could reach only by car and only under favourable weather conditions (due to lack of good roads). In certain cases, I did not have a chance to visit forest settlements and see the situation 'on the ground' with my own eyes (e.g., at the Tikhvinsky kompleksny lespromkhoz the staff of the company refused to take me to forest settlements on their lease when they were visiting those for public hearings and consultations, which may be telling in itself).

(d) Selection

There were two major ways in which individual respondents were chosen. Effort was made to select respondents in a purposeful way. Potential respondents were usually directors of organisations or directors of some departments within those organisations. However, other candidates were also considered where they had significant

experience and expertise. I believe that the data collected is representative of the ongoing processes in the forest sector not so much because of the quantity of interviews, but rather because an attempt was made to talk to some key figures in the sector, who dispose of trustworthy information.

Where purposeful selection was not possible, respondents and sites within the above mentioned regions were selected randomly, based on the principle of ‘convenience’ selection (consideration of costs, convenience, access, including distances, availability for an interview, agreement to meet for an interview). In a number of cases, selection of interviewees in advance was impossible due to the ‘closed’ nature of many Russian companies and also lack of publicly available information about them online. Sometimes, selection was made on the spot, once I gained access to the site through snowball sampling, building a network of acquaintances and following their recommendations on who could be useful to talk to. There was a situation, however, when this approach did not work. In one of leskhozes I visited, the director of the leskhoz (Tikhvinsky), who I had interviewed, suggested that I should not talk to anyone else at the leskhoz, for ‘*no one would describe things better than he did*’ and, thus, attempted to stop me from contacting other potential respondents in that organisation.

I realise that random selection is most effective and valid in qualitative studies with large sample sizes. However, this technique is also justified for small-scale qualitative studies where it is important to avoid any kind of favoritism in selecting interviewees and particularly in a situation of restricted access to interviewees at all. (Maxwell, 2004: 88-89)

Appendix A includes a list of locations and respondents, in order to reference individual comments.

Establishing research relationships with participants of the forest sector

(a) Self-presentation

An important question for me was to decide on how I were to introduce and present myself and my research to potential interviewees, how I should be perceived by them, and what kind of relationship I should establish in order to gain their trust and achieve

the maximum result for my study and also to make sure that respondents gained, where possible, from our communication. For example, in return, I sometimes answered their questions e.g. about how one can apply to Cambridge, etc. Some respondents were very happy to give an interview, for information that they considered relevant would become spread and made known to a non-Russian community, which may, in turn, exercise some influence on the situation in Russia. Ethical issues of my research were considered. Informants were told that confidentiality would be maintained, and if they so chose their name would not be mentioned in the thesis.

All of the above differed from one situation to another and depended on a number of factors: professional background and position of the respondent, whether they work for a state or a private organisation, whether it is a Russian or a foreign company, their age, their ideological views, how I met them (whether I was introduced to them by someone else), their experience with interviews, their interest in my research, etc. For instance, if a respondent was much older than myself, of a Soviet 'school' and very nationalistically minded, I would introduce myself as an alumni of St. Petersburg State University or as a researcher at a Russian research centre (which I was indeed at the time of the interview), but would skip the 'Cambridge' part of my CV. The reason was that on some occasions, 'inadvertently, the researcher's presentational self may be misrepresented' (Fontana and Frey, 2003: 77): the 'Cambridge' part of my biography made me perceived as a spy (who studies on a foreign scholarship and left the country) or at least as someone unfriendly in respondents' eyes, which created a certain barrier in our conversation and lowered the level of trust. However, in most cases, it was not necessary and my studies and research attracted the interest of interviewees.

Sometimes, even though I defined myself as a student from a foreign or Russian university or as a researcher from a Russian research institute, people assumed that I was there to represent a bigger organisation with a certain capacity (perhaps to help them?), so they would start complain to me about their issues (e.g. a situation in the Leningrad Oblast). There was also a situation when I had a feeling that I was taken for a controller or an inspector when I gained access to a branch of a company through their head office and when introducing myself I had to say that I was directed to them from their Moscow office (although I was also very clear about my research and

where I come from) – otherwise my chances of getting interviews in that branch would have been very slim. I encountered the same access problem in some state organisations: people would refuse to talk to me unless I was sent to them from a higher ranking organisation or official. Because of the false identification of myself as an inspector or a controller, some respondents were afraid and very cautious to disclose information of certain sort (for instance, to discuss contradictions between Russian legislation and international standards; defects of Russian legislation in general; or ‘politics’ (e.g., my interview at the Tikhvinsky kompleksny lespromkhoz). And even if not taken for an inspector, I was still sometimes perceived as someone from ‘outside’ the company, so respondents tried to avoid certain topics during conversation, in order not to create a negative image of their organisation (e.g. even in the St.Petersburg office of UPM). For this reason, some respondents requested that the interview were neither audio-recorded, nor recorded in writing. Thus, interviewees at the press office of Segezha pulp-and-paper plant and at the Tikhvinsky kompleksny lespromkhoz asked to not only switch off the audio-recorder, but also to put it away. A number of respondents felt uncomfortable at the sight of an audio-recorder and did not want to share information on certain topics, so I took notes in handwriting.

(b) Access

There were two main ways to gain access to sites and respondents: by directly contacting them by email and / or phone calls or even going directly to their office, if no relevant information about employees and their contacts was available, or if potential respondents travel a lot (e.g. to logging sites) or are ‘busy’, which makes pre-arranged meetings problematic); or through someone else. The first method worked with NGOs, some academic institutions and some companies. My meetings with directors were pre-arranged, whereas my tactics for lower-ranking interviewees was often different: I would often just come to an office and find out on the spot who is available for a conversation. This is why a spontaneous modifying of interview questions was often necessary: depending on the respondent’s position, occupation, background, knowledge of certain areas, experience in the sector (e.g., whether they worked during the Soviet time as well or only after 1990) etc. In my experience, there was a distinct difference between some Russian and foreign respondents (first and foremost, representatives of the private sector) in how willing they were to engage in a dialogue and discuss existing problems and conflicts in the sector (some Russian

respondents being more reluctant). This certainly had an impact on the sample of interviews, for instance, Western companies generally appear more open for contact and their representatives are easier to access for an interview.

However, this approach was bound to fail in case of a number of state organisations and some employees of some private companies. So, in such situations I either tried to persist or referred to someone inside those organisations or someone working in those organisations for help. Thus, I succeeded in a case of Swedwood company, whose employee and a potential respondent was most reluctant to enter any conversation or meet without preliminary agreed and approved (by the respondent) list of questions (via email). Had I sent the list of my questions, it was very likely to have resulted in formal and very short answers carrying no relevant information for the study. I failed in a case when several respondents from state organisations, e.g., Forestry Agency for Leningrad Oblast and the city of St.Petersburg, were reluctant to enter any kind of conversation at all (the responses I was given included such as ‘everyone is busy’, ‘everyone is on holiday, there is no one to talk to you’, and ‘I do not know anything about the Forest Code’).

The first thing I did when I came to Russia for my fieldwork in 2007 was to contact research institutions who were actively engaged in studies of the Russian forest sector and within them to find ‘an insider, a member of the group studied, who is willing to be an informant and act as a guide and a translator of cultural mores and, at times, jargon or language’ (Fontana and Frey, 2003: 77). Two major organisations in this respect were the St. Petersburg State Forest-Technical Academy (which I then, having met with a lack of interest in collaboration, mostly visited for their unique specialised library, rather than cooperation) and Centre for Independent Social Research (St. Petersburg). This approach (e.g. in some cases, I had some preliminary information about possible respondents, their willingness to share information, possible ideological inclinations, etc) helped me to save time and avoid certain mistakes.

Some parts of my fieldwork were carried out with organisational support of members of the Centre for Independent Social Research (St.Petersburg) – they helped me to establish some contacts and arrange some fieldtrips (Segezha pulp-and-paper plant (where an employee of the plant had to request several day-entry passes for me), a trip to a remote forest settlement Valday (in Karelia); participation in several public

hearings; participation in a working group about the new model forest ‘Segozerye’ (privatel, state and NGO sectors, as well as local activists and academia), which took place in Petrozavodsk (Karelia).

Sometimes in conjunction with other researchers associated with the Centre for Independent Social Research, I interviewed several civil servants and companies in the Far East of Russia (through the director of the NGO BROCC), several private companies in St. Petersburg (through a friend who personally knew them). Some people, however, who I approached (a situation in a private commercial company and a state organisation) refused to provide contact information of people who could potentially agree to give an interview.

Data collection

In order to reduce the risk of my conclusions reflecting only certain biases or limitations of a specific source or method, I aimed to realise the so called ‘*triangulation of data collection methods*’, which allows for multiple perspectives and a broader picture (Maxwell, 2004: 93; Marshall and Rossman, 2006: 54). I combined various primary sources of information, substantiated with relevant secondary literature. Primary sources included archival materials, as well as ‘live’ interaction with participants of the forest sector.

In the beginning, my approach to data collection was not completely structured, but quite flexible - it developed and was revised as I progressed further in my research. This allowed me to focus on particular phenomena, and design my own, individually tailored combination of methods. Thus, I ‘*traded generalizability and comparability for internal validity and contextual understanding*’ (Maxwell, 2004: 80 - 81), which is particularly useful for examination of processes relevant for my project.

Two main methods of data collection in the field were (a) interview and (b) participant observation.

(a) Interviews

I chose interviewing as the main primary source of data for my project because it allows us to ‘*generate useful information about lived experience and its meanings*’ (Denzin and Lincoln, 2003: 47-48). I was interested in hearing different stories,

personal views and perceptions that would uncover informal institutions and patterns of social dynamics. Moreover, interviews appeared a most suitable tool for carrying out an in-depth analysis, which would allow to possibly identify issues that are not registered in official records, as well as some roots of existing problems. The aim was not to capture already known precise data or to explain certain phenomena within preestablished categories, but rather to attempt to '*understand the complex behaviour of members of society without imposing any a priori categorisation that may limit the field of inquiry*' (Miller and Glassner, 2004: 125). To these ends, interview questions were organised into semi-structured in-depth interviews, most questions being open-ended.

There were two types of interviews: face-to-face (one respondent and one interviewer) and group interviews (one respondent and several (five) interviewers, who took turns in asking questions). Group interviews were carried out where it was impossible for me to gain access to interviewees on my own – either due to geographical remoteness or the unwillingness of the respondents to engage in face-to-face discussions. Some interviews were formal, others less formal. Some interviews started in a formal setting but towards the end of the conversation the respondent would relax and talk in a much more informal and open manner. With several interviewees, interviews were conducted several times and in different conditions (e.g., venue, number of people present during the interview, different features of the audience present at the interview, etc). Where possible, I tried to make sure to conduct one-to-one interviews before the group interviews with the same respondents. This approach turned out very useful, for one-to-one interviews were, naturally, less formal and respondents were more open and provided more unofficial information, as well as shared their personal opinions more eagerly. The discourse produced in a group context would be different from the one produced in a private one-to-one conversation, however both may be equally valid. Moreover, during some group interviews, non-Russian researchers were present, which constrained the respondents even more, as they omitted details in their responses and some of them (e.g. state officials) tried to provide more positive information or to demonstrate their competence and successes.

Due to access restrictions, no pilot interviews were conducted. However, questions were slightly modified (their order and phrasing) after several interviewing sessions.

Interviews were conducted with representatives of different groups and stakeholders of the Russian forest sector, namely the private sector (logging companies, wood-processing companies, timber industry associations, auditing and consulting companies – international and Russian companies) (46 interviewees), public sector (local and regional administration, regional ministries, local forest management units) (10 interviewees), NGOs (17 interviewees), research institutions (10 interviewees), local population, including indigenous population (22 interviewees-informants, some of these interviews very short), activists and campaigners (2 interviewees). I gained access to those in a position of power and involved in the formulation of regional policies. I interviewed people who play a crucial role in organising and are leaders of the environmental movement in Russia. I also spoke with major players of the timber industry.

Process of Questioning

Having considered the debate ‘*open-ended questions versus closed questions*’ (Foddy, 1994: 126 ff), I chose the former, as this tool appears more appropriate for answering the research question. I believe that in order to understand the nature and causes of ongoing institutional processes, one needs to minimise the level of delimitation inherent to question-posing and to focus on the ‘*meanings that the respondents themselves assign*’ to events (Foddy, 1994: 126).

The format for interview questions adhered to principles of simplicity and concrete language (Foddy, 1994: 41). The phrasing used in the interviews changed depending on the individual (educational, professional, social background, and status). The interview-questions were written originally in Russian. For some interviewees, who felt more confident speaking English, they were translated into English (e.g. some representatives of foreign companies working in Russia). For a sample questionnaire see Appendix B.

Being semi-structured, interviews varied a lot in how their pre-planned design was realised. With some respondents, I followed my preliminary order of questions, modifying them according to the situation, respondent’s replies and the flow of conversation. Usually, having introduced myself, I would begin with questions about the interviewee, their experience in the sector and in that particular organisation, their work and responsibilities. After that, I would ask general questions and gradually

move on to more specific ones, while also asking questions that helped me make sure I understood the respondent's words correctly.

The fact that my interviews were in-depth meant that participants' perspectives on events mattered for me, and I tried to explore '*a few general topics to help uncover the participant's views but otherwise respect how the participant frames and structures the responses*' (Marshall and Rossman, 2006: 102).

'This method, in fact, is based on an assumption fundamental to qualitative research: The participant's perspective on the phenomenon of interest should unfold as the participant views it (the emic perspective), not as the researcher views it (the etic perspective).' (Marshall and Rossman, 2006: 102)

Questioning was systematised to a degree that was required by a multi-site and multi-respondent nature of study.

With some other respondents, I was asked to explain my area of interest and list my questions at the very beginning of the conversation, after which they produced a monologue (with some more questions afterwards), whereas I remained silent during most of their speech to allow respondents to speak openly without interruption. During such interviews, points of greatest interest would emerge. These interviews provided a wealth of information, confirming the claim that verbal data has become '*the keystone of contemporary social science*' (Foddy, 1994: 11).

However, I recognise that verbal data may be at times unreliable or invalid. In some of my interviews (of rivalling and competing for resources parties (an NGO and a private logging company)), there were contradictions even with factual information. On another occasion, a non-state participant of the forest sector accused an NGO (who I also interviewed) of providing false information.

Moreover, there is always a threat that interviews may generate not 'authentic accounts of subjective experience', but rather repetitions 'of familiar cultural tales' (Miller and Glassner, 2004: 125). Research participants, at least to some extent, draw on the '*narratives that come out of the social worlds around them*' (Miller and Glassner, 2004: 134).

It has also been argued that interviews are social situations with their own agendas, and verbal responses may be given '*not to communicate reality but rather to influence the interviewer*' (Bulmer and Warwick, 1983: 38). There were moments when I felt that responses of interviewees were directed at me as a foreign student: some respondents expressed their wish to get their message across to the international community via me.

It also has to be noted that although I hoped that by asking open-ended questions, I would receive answers based on respondents' own worldviews and conceptual frameworks, it may not have always been the case. The symbolic interactionist theory predicts that, instead, respondents will negotiate a shared definition of the situation with the researcher (Foddy, 1994: 19-21). The researcher is not neutral, but an active participant in creating and negotiating the interview responses (Silverman, 2004: 95). In other words, even though I was attempting to understand the respondents' paradigms, these paradigms were influenced by my interaction. It is recognised (Foddy, 1994: 21) that respondents will look for clues to contextualise questions. So, it proved difficult to strike a balance between indicating what kind of information was required for my research and avoiding suggestive or leading questions. For instance, it is possible that some interviewees read my questions about their relations and cooperation with state bodies as an invitation to criticise state officials.

The degree of outspokenness of interviewees differed a lot and depended on the individual state of mind; the degree of openness of the organisation they represent; on their culture (e.g., whether they are Russian or foreigners); on how burning and acute the discussed issues are for them, etc.

(b) Observation

'Observation is used to discover complex interactions in a natural social setting. Even in studies using in-depth interviews, observation plays an important role as the researcher notes the interviewee's body language and affect in addition to her words.' (Marshall and Rossman, 2006: 98-99)

Throughout my fieldtrip, I systematically took notes about my interactions, recorded all events, behaviour of participants of the forest sector, and my understanding of these, which I later used while analysing the data. Moreover, I was not only an

observer but also, to some extent, a participant observer. Participant observation *‘demands firsthand involvement in the social world chosen for study. ... This immersion offers the researcher the opportunity to learn directly from his own experience’* (Marshall and Rossman, 2006: 100).

I tried to get involved immediately in the relevant context, culture and ongoing processes as much as I could and through my involvement to gain an intuitive understanding of what was going on and to understand the meaning of my observations and collected data (DeWalt and DeWalt, 2002).

I observed (while also being involved in their organisation) public hearings regarding forestry issues in Valdayes, Segezha, and Opol’ye.

I participated in the process of implementation of the forest certification of the Forest Stewardship Council (FSC) (e.g., at the Segezha pulp-and-paper plant and Stora Enso), being involved in consulting projects for them. I observed cooperation of private companies with NGOs (e.g., Investlesprom and the Centre for Independent Social Research; Stora Enso and the Centre for Independent Social Research). I participated in the joint writing of a handbook about the social aspect of forest certification (as an assistant with the NGO). I took part in a week-long training seminar and round tables on the forest certification and sustainable forestry practices in the North-West of Russia (organized for logging companies).

I participated in a working group carried out in Petrozavodsk as part of the process of creating a new Model Forest ‘Segozerye’ in the Republic of Karelia (with participants from the private sector, state agencies, academia, local population and NGOs).

As part of my participant observation, I was also able to collect a significant amount of documentary evidence, such as non-published letters between private companies and state bodies.

Data analysis

In my research, I worked with a relatively small set of data and put it to repeated and in-depth, line-by-line scrutinizing. This approach required a significant time input, but helped identify major themes at the initial stage of analysis (Ryan and Bernard, 2003b) and allowed for a detailed inspection of material later on.

The fact that almost all interviews were held in the Russian language made transcribing and interpretation easier for me, but meant extra translation work. Neither transcribing nor translating were merely technical activities: *'both entail judgement and interpretation'* (Marshall and Rossman, 2006: 110). Several Russian phrases for which there is no direct English equivalent or key words were left in brackets during translation. It is possible that in the English translation, some nuances of meanings were lost, however, I believe that I conveyed the essence of respondents' messages.

Data analysis and data collection were conducted close to each other. Analysis started immediately after finishing the first interview. I used two types of complementary strategies of analysis. The first one is the 'categorising strategy' of analysis: such analysis 'fractures' the initial data into discrete segments and re-sorts it into categories. At the same time, part of analysis was made according to the 'connecting strategy', aimed at understanding data in context. Using a connecting strategy, I looked *'for relationships that connect statements and events within a context into a coherent whole'* (Maxwell, 2004: 98). Connecting analysis helps understand particular individuals, their views, and situations (Maxwell, 2004: 99).

For analysis, I coded all my data according to emerging themes. Themes were identified before (on the basis of a literature review and secondary sources), during, and after data collection (induced from collected primary data). Techniques used in the coding process included linguistic analysis (e.g., metaphors, repetitions etc) and analysis of the explicit and implicit content. I used the software 'Evernote' to organise my notes and transcribed interviews into a codebook and, thus, reduced the data (Ryan and Bernard, 2003a: 276).

I recognise that my approach to data analysis and interpretation of semi-structured interviews has its limitations. The very format of an interview 'fractures' and cuts the stories being told, so, in my analysis I have an opportunity to analyse only a part of the story. Moreover, *'the research commits further fractures as well. The coding, categorisation, and typologising of stories result in telling only parts of stories, rather than presenting them in their 'wholeness''* (Miller and Glassner, 2004: 127-128). I do not claim to ground my analysis in 'ideal' texts, for the available data is bound to be incomplete in its representation of the worldviews and experiences of interviewees.

The next chapters will analyse the interviews conducted in order to discover the nature of and reasons for recent institutional development in the Russian forest sector.

Conclusion

In order to answer the research question, the thesis employs qualitative study techniques. The research is mostly exploratory and descriptive, therefore no hypotheses are offered at the beginning.

The results of my studies have been affected by my dual position as an insider and the outsider to the studied reality. This had a certain impact on my ability to engage with people I interviewed, as well as interpretation of the data.

The undertaken research is inter-disciplinary. This approach was deemed appropriate because the analysis covered institutions, in particular, institutions related to natural resources, which affect many aspects of human life. Moreover, my project juxtaposes phenomena from different periods of history, which also predetermined the combination of techniques. The study of historical forest management documents in the archives and in-depth interviews of major forestry stakeholders in the field (European and Far Eastern parts of Russia) were both seen as necessary in order to provide a comprehensive picture of institutional changes in the Russian forestry sector.

CHAPTER FIVE: FOREST SECTOR REFORM - TRENDS AND INNOVATIONS

5.1 Introduction

After explaining the theoretical and analytical framework, as well as the methodology of this research, chapters five to seven of this dissertation present the results of interviews used to identify and analyse major processes of institutional change in the Russian forest sector. The novelty of this questionnaire lies in its attempt to provide a broad picture of changes in the sector and to juxtapose co-existing state and non-state induced processes, identify their major drivers, obstacles and consequences, as well as complex interactions between actors and their effect on the aggregate outcome – the institutional set-up of the forest sector. Chapter five explores the tools, process, costs and consequences of the state forest reform. Chapter six turns to the non-state agency and looks at model forests and voluntary forest certification. Chapter seven focuses on different aspects and challenges of interaction between state and non-state actors in the sector.

The state is a major player in the Russian forest sector. Forest land is owned by the state in Russia⁵³. Forestry planning is administered by the state (through state companies for forest management - *lesoustroitelnye predpriyatiya*). Prior to the reform, the main state bodies of forest management were *leskhozes* (until 2005, *leskhozes* functioned under three federal ministries – Ministry of Natural Resources, Ministry of Agriculture and Ministry of Defense). Most Russian forests (over 90%) were managed by *leskhozes* of the Ministry of Natural Resources. *Leskhozes* had a double role in the system of forest management. On the one hand, *leskhozes* were state administration responsible for organization of forest use, forest management, forest regeneration, forest protection and interaction of state forest bodies with the local population. On the other hand, *leskhozes* were forest users and had the right to carry out logging operations (selection felling (*rubki promezhutochnogo polzovaniya*) and other types of felling) in order to provide funding for forestry works (*lesokhozyaystvennye meropriyatiya*) and upkeep of their staff. The system of state forest management is being reformed at the moment.

⁵³ Forest Code of the Russian Federation 2006, Article 8

Apart from state participants in the forest sector, there are private logging, woodworking and wood processing companies, who lease forest plots, and NGOs, who have started to play a noticeable role since 1990s and have been trying to exercise influence on forestry practices and state forest policy.

As outlined in Chapter Three of this thesis, development of the Russian forest sector is shaped to a great extent by two groups of factors: law (legislation and its enforcement) and relationships and conflicts between participants of the sector (state and society; different social groups). The current situation in the forest sector is described by interviewees below.

‘Grey’ and ‘black’ sectors of the economy are significant... Even if control exists, it is on paper only.’ (N)

The quote indicates the interviewee’s concern about poor law enforcement, legal and quasi-legal practices in the forest sector. Other representatives of the sector also note that ‘*there has never been anything according to law*’ (P) and that forged documents, violations of law during logging operations, final felling operations carried out under the guise of cleaning cutting, tax evasion and criminalization of small and medium business in the forest sector are common (P, N).

‘They would pay to everyone – fiscal bodies, police, foresters, local administration... Every police chief has their own thieves’ brigade. The forest has already been divided up.’ (P)

The quote indicates large-scale corruption and criminalisation of regional and local state agencies. It shows how actors abuse their power and use the state as a tool in private interests and as an illegal source of revenue.

Forests are said to lack ‘*khozyain*’ (responsible owner and manager) (N). Law-makers and high-level officials in the Federal Government are considered ‘*incompetent*’ (N), ‘*far from practice*’ (P); historically ‘*self isolated*’ and ignorant of forestry developments in other countries (N). Forest management ideas and approaches of civil servants (e.g., how and where logging operations and reforestation should be organised, etc) are said to be outdated and unable to face the emerging challenges, such as forest fires, forest regeneration, etc (P, N).

‘In Russia, there are a lot of talented people, but the system is inefficient, because it is always only one person who is right.’ (P)

Authoritarian management culture and lack of democratic practices are believed to cause poor development of the forest sector.

The issue of environmental and economic sustainability concerns the interviewees. They argue that it is necessary to curb extensive forest use (large-scale pioneer harvesting of virgin forests) (N, A). According to representatives of the private sector, principles of sustainable forest use are often abused during logging operations: undergrowth and soil are damaged; extensive felling is carried out beyond permitted logging boundaries; there are non-timber dumps in the forest (e.g., old equipment) (P). Issues of concern include biodiversity conservation (P, N, A); destruction of valuable low-disturbed forests (P, N); deterioration of forest quality (development of wastelands, soil deterioration; significant poor stands; coniferous species are often replaced by deciduous species as a consequence of felling operations) (A, N, S). Accessible forests are diminishing in Russia, not only in the North-Western, but also in the Eastern part of the country. A crisis of timber supply, in its turn, causes pressure on High Conservation Value and protective forests (N, S, P).

There is still a great need for technological and managerial modernization of the sector, ‘*equipment falls apart with tremendous speed*’ (P). Because of poor infrastructure (a legacy of the Soviet period) companies are unable to reach the planned annual cut in accessible forests and ‘*start to intrude into valuable protective forests*’ (P).

‘There are no processing facilities, but at the same time the annual calculated cut for aspen is quite significant in the region, which makes logging operations not profitable.’ (S)

The quote indicates that available timber processing facilities are considered insufficient. Lack of processing facilities causes underutilization of logging sites, which is a reason of the sector’s low profitability.

‘Today, the return on one hectar [of forest land] is 70 dollars in Russia and 380 dollars abroad’. (P)

Non-timber forest-related economic sectors (such as tourism; non-timber forest products (ginseng, pine nuts, etc); ecosystem services, alternative energy technologies, complex use of timber (bark, tree tips...), biofuel, bark as fertiliser, etc) are said to be underdeveloped (N, P).

Degradation of forestry science since 1990s is manifested in the lack of funding for research institutions; brain drain from the sector because of increasing unemployment and underpayment in forestry science and forestry sector in general and declining status of forestry and foresters (N). Destruction of scientific institutions brings grave consequences for the sector as a whole: *'continuity in forestry is violated'* (A); *'trustworthy data about forests is lacking'* (N). Methods of calculating the annual allowable cut are outdated (dating back to the 1930s), which causes discrepancy between forest quality on paper and in reality (N, P).

There is a lack of qualified labour force in the forest, *'only drunkards are left in villages'* (P), which is partly caused by outward drain of qualified labour from forestry since 1990s (N).

Due to commercialization of the sector and diminishing social guarantees from the state since 1990s, the situation with local ecology and local community welfare has deteriorated. Forest settlements see an increase in poverty, unemployment, drug and alcohol abuse, and very low income.

'Hunting, fishing etc industries were massively developed in the Soviet time. Villages were full of people, everyone made money. Timber harvesting was twice as much [in the Soviet time].' (N)

Local infrastructure, roads and housing in forest settlements are in decay. In the Soviet time, *'there used to be seasonal delivery of vegetables... all maintenance works were paid for...The lespromkhoz had a housing construction plan. In order to fulfil this plan, we had resources and cement supplied...'* (P).

Concerns are raised with regard to the supply of firewood for the local community; the forest as a recreational facility (as a place to go for a walk, to pick mushrooms and berries) and amenities (quality of water) (P).

The concerns of forest sector stakeholders today are very similar to those in the 19th century (briefly discussed in Chapter three): shortcomings of the legislation, illegal and excessive felling, low profitability of timber industry, conflicting interests of and lack of understanding between state authorities and other participants of the sector. In addition to these issues, today's forest sector experiences additional, post-1991 problems, such as degradation of forestry science.

Incentives for Reform

All interviews reflected awareness of the need to reform the forest sector. One of the reasons is said to be the developing market economy and the consequent need for modernization, as *'the Forest Code of 1997 worked well then, but market relationships do not stand still'* (S).

At the same time, it is noted that *'no one carried out [outreach / explanatory] work'* with participants of the forest sector about the goals of the ongoing reform, *'no one explained why the reform was started'* (N). So, interviewees express their personal vision of the incentives and aims of the reform.

'Our present authorities are concerned, first and foremost, with revenue from every resource available in the country...to make forests bring revenue comparable with oil and gas...' (N)

The above quoted NGO representative believes that a major incentive of state reformers is to raise returns of the forest sector to the federal budget (revenue). Another incentive is said to be cost reduction for the federal budget (N; S; P).

'The whole reform is about property redistribution - to make companies insolvent and buy them.' (N)

The quote indicates that private interests are seen to be a decisive factor in state forest policy. Some other interviewees argue that a major goal of the reform has been to enable the use of forest land for real estate development and construction purposes (P, N), *'forest land seizure and consequent site development'* (N). The new Forest Code is said to have been lobbied by big timber companies, closely associated with civil servants (P).

Civil servants are believed to individually benefit from the reform through distribution of budget means among state agencies (N, A); corruption (P); their involvement in private business and deals with forest land (N, P). The state forest policy is regarded as institutionalised lawlessness. The forest reform initiated by the state is seen as legitimisation of informal and possibly illegal practices. Informal institutions are considered to be dominant in the sector, and the long-term principal feature of Russia's political regime termed by (Gel'man, 2004) as '*informal institutionalisation*' plays a crucial role in the ideology and realization of reform.

Interviewees emphasize the fact that the reform is also meant to serve interests of particular governmental bodies and federal authorities. It is a common perception (among representatives of industry and NGOs) that authorities seek to redistribute forest management responsibilities, to '*shuffle off the burden*' (N) (of looking after forests and forestry works, as well as social issues, providing jobs for numerous forest sector workers) onto business and regional authorities (P).

Several NGO representatives expressed the opinion that the goals of forestry reform were political in nature, or at least closely related to politics and such processes as presidential elections, elections for the State Duma, which affected deadlines for formulation of laws and by-laws and their content (N).

Similarly to the Soviet tradition, nature tends to be regarded as a tool towards political and economic ends. This path-dependent ideology (particularly common among civil servants) of the exploitation of forest resources for economic and political purposes has shaped the ongoing forest reform.

5.2 Tools of the Forest Reform

Since the collapse of the Soviet Union, there were three main forest laws passed in Russia, which consequently replaced one another: Foundations of Forest Legislation 1993, Forest Code 1997, and Forest Code 2006.

Box 1. Major Post-Soviet Forestry Laws

1993, March 6th	Foundations of Forest Legislation of the Russian Federation N 4613-1	
1997, January 29th	Forest Code of the Russian Federation N 22- FZ	Amended twelve times.
2006, December 4th	Forest Code of the Russian Federation N 201-FZ	<p>Adopted in 2006 and took effect in 2007. The Code makes provisions for a number of important innovations in the system of forest management, such as:</p> <ul style="list-style-type: none"> - transfer of powers / delegation of authority for forest management to the regional level (Chapter 9 Article 83); - separation of forest management bodies into 'administrative' and 'economic' structures; - distribution of government contracts for forestry works through tenders or auctions (Chapter 1 Article 19; Chapter 5 Article 70); - maximal facilitation to real estate development on forest land (Chapter 1 Article 21; Chapter 2 Article 41 (compare with FC 1997 Chapter 17 Article 123)).

Source: Author's own compilation based on legal acts as listed in the bibliography

Apart from the Forest Code itself, there are further three laws that have determined the norms of the transition period. These laws are: the law 'On the enactment of the new Forest Code', which was passed together with the new Code; another law that introduced amendments to the Law on Enactment of the new Code (passed in mid-2007); and the old Forest Code, some provisions of which were valid until 2009. For purposes of the reform, various tools have been applied. Major tools are discussed below: legal, financial and administrative tools, which include adoption of the new Forest Code and by-laws, further development of forest auctions, introduction of high priority investment projects, new contracting for forest lease, forest planning and surveying, new regulations for timber trade, delegation of powers from federal centre to regions, reorganisation of nature protection agencies and forest guard, separation of administrative and economic functions of state bodies, and replacement of felling licences with felling declarations.

5.2.1 Legislation

In addition to the Forest Code, there is a large body of laws and regulations. One of the reasons for this is that by-laws, accompanying regulations and instructions tend to have significantly more practical importance than laws proper in Russia. Wording of laws is usually ambiguous and vague. In order to understand and apply major laws, one requires further explanations. Therefore, numerous explanatory legal acts need to be passed (rules, instructions, orders, etc). This applies in full to the forest legislation.

A representative of a leading NGO (N) noted that realisation of the new Forest Code requires adoption of about seventy different legal acts at federal level (42 additional documents are either directly mentioned in the text of the Code, or imply that there has to be additional regulation), as well as several regional documents in each constituent entity of the Russian Federation. Besides, there are provisions in the Code that cannot work on their own despite having no reference to other departmental or governmental regulations. The latter regulations, in turn, tend to have gaps as well, which makes them inapplicable and require further law-making. It is noted, however, that the reform has reduced the number of regulations:

‘Once, we tried to estimate how many different normative acts, regulations, rules, etc relate to the activity of a concrete director of leskhoz. The figure we received was – depending on the region and on the situation – between six and ten thousand printed pages. It is likely that the figure will be between one and two thousands now.’ (N)

Despite introduced changes, there are numerous concerns about the quality of the new legislation. Representatives of the private and non-governmental sectors argue that the new law is ‘*inconsistent*’, ‘*self-contradictory*’ and ‘*unprofessionally written*’ (P, N). The Code suggests measures that are believed to be ‘*too simplistic*’ to solve complex problems of the forest sector (P). One turns to ‘*all-Russian recipes*’ (such as high export fees), instead of looking for regional solutions (A). The law is blamed for being too general, declarative and, therefore, not applicable. It is said not to provide any concrete mechanisms of enforcement of the new norms, and is believed – in this sense – to resemble documents (or in fact continue the tradition) of the Soviet time (P, N). Norms of the new legislation are argued to be vague, blurred and to have numerous exceptions, contradictions and factual mistakes.

‘The most well-known ridiculous example was how the Government of the Russian Federation approved the list of tree species with a cutting ban for the whole territory of Russia... On the one hand, one banned felling of Sakhalin fir (*pihta sahalinskaya*), a tree that is the main timber resource of wood industry on Sakhalin Island. And on the other hand, the list of tree species that were banned for felling contained two herbaceous plants.’ (N)

Other examples of legal inconsistencies include cases when the new Forest Code and other regulative documents used different terminology for crucial forestry concepts (A).

The reform of state forest management and changes in nature protection agencies were contradictory. Along with liquidation of the Federal Agency for Environmental Protection (*Goskomekologiya*) in 2000, the Government supported the idea of NGOs to create a public forest council (*obshchestvenny lesnoy sovet*) in 2004. On the one hand, there has been a trend for diminishing public participation, whereas on the other hand, the state has supported creation of additional institutions for public participation. The direction of each particular change is said to be quite arbitrary and depend on particular people in office (N).

Another case was provided by an NGO in the Far East:

‘From this year onwards, Russian legislation allows the felling of cedar. It has been banned since 1990. Now, the state wants to increase the efficiency of the forest sector... That is, on the one hand, one provides opportunities for conservation of natural areas, but on the other hand, one created a green corridor for timber industry, e.g. through absence of auctions for big investors.’ (N)

Inconsistency of the newly adopted legislation (and consequent difficulties of implementation) is partly explained by constant changes of staff (e.g. members of the working group for designing the Forest Code), and hastiness of the law-making process (N). Among possible reasons for hastiness of the law-making interviewees refer to: the red tape (time being spent on bureaucratic formalities related to selection of executing officers, acquiring endorsements, etc) and consequent lack of time for

the actual law-making; and political factors (upcoming elections, the need to report on the work completed during the year, etc) (N).

Inconsistency of legislation has been exacerbated by the timing of reforms. Despite hastiness of the legislative process, there have been delays in law making at the federal level (P). New regulations often arrive too late, or there are (timewise) discrepancies in the law adoption process. Formal rules of the game are changing very slowly, the process of change is *'too spun out, despite attempts of lawmakers to carry it out as quickly as possible'* (N). Often, it is the federal level that slows down the process, as regions cannot develop their legislation or strategies before the federal legislation is in place (P).

Leningrad Oblast, i.e. the region with the most intensive forest use in Russia, was, by mistake, not included into the list of regions to receive subventions for forest management. Since there had been no subventions until the law (on the federal budget) was amended several months after its adoption, regional authorities were unable to execute their functions. So, forest management was carried out on the basis of old pre-reform documents, which were not valid any more, by forest management bodies (the pre-reform Forestry Agency of Leningrad Oblast) that had no legal right to fulfil those functions (N). This case shows that laws are observed only to a certain degree. Legislative attempts of the state are considered as *'vain'*, *'very unprofessional and chaotic'*, which do affect life to some extent, but not very significantly (N). In reality, laws tend to have a tentative role. Even though some ideas of reform may be quite radical, they stumble over implementation problems and therefore result in no significant positive change on the ground. State policy, where even state forest management is not legal, but rather tentative, also facilitates development of a neglectful attitude to the law, impair law obedience and orderliness. This shows how a poorly designed or hastily implemented state policy contributes to development of certain informal rules and practices and, thus, affects the whole institutional system in the long run.

Lack of experts or professionalism of reform-makers manifested itself in that the reforms have been radical and have not sufficiently taken into account forestry tradition in Russia.⁵⁴

‘If one looks at the new Code and conducts even a linguistic analysis, one will easily see that it was written by people far from forestry. There are so many new terms there... There has to be a good reason for rejecting the old terminology. Continuity is most crucial. Reforms have to be consistent. They have to go not a revolutionary way, but rather step by step.’ (P)

The quote shows the interviewee’s disapproval of the radicalism of reforms and of the fact that continuity of the Russian forestry tradition has been broken. He argues that reformers should have chosen the evolutionary path of modernisation.

Revolutionary measures contradict the path-dependent institutional structure of the Russian forest sector. This means that entrenched institutions of the ‘*prevailing matrix*’ (Kirdina, 2008: 3) may nullify the effects of the reform, as the institutional matrix to a significant extent pre-determines the path of the social evolution. For evidence of path-dependency of this trait of reforms (revolution instead of evolution) see chapter three (3.1) of this dissertation.

a) Forest Auctions

An important ‘market’ and ‘commercialisation’ side of the reform has been the introduction of auction (instead of tender) as the main mechanism of forest resource distribution.

‘Before the new Forest Code, the system of forest use allowed allocation of forest plots for lease on the basis of results of a tender, or for a short-term

⁵⁴ In addition to interviews, there is more evidence on the quality and likely consequences of the current reform. Thus, the Accounts Chamber of the Russian Federation published a report (Report ‘On the results of...’) about the inspection of how effectively one uses forest fund of scientific-experimental (research) leskhozoes of St. Petersburg State Forest-Technical Academy. The main conclusion was that the new Forest Code, while liquidating research leskhozoes as bodies of forest management, is likely to affect the educational and research processes very negatively.

lease (i.e. where one simply cuts it all down – and that's it), or auctions, or through the 'system of direct decisions' made by executive authorities.' (S)

In the new Forest Code, the Chapter 'Foundations of forest husbandry organisation'⁵⁵ (it was present in the Forest Code 1997) is absent. Instead, there are such new chapters as 'Agreement of purchase and sale of forest range'⁵⁶, 'Auctioning the right to make a lease contract for forest plots in state or municipal ownership, or the right to make a purchase and sale contract for forest range'⁵⁷.

The system of direct decisions was applied to agricultural organisations, local populations, and budget organisations in rural areas who received timber for minimal rates. According to the new system, there are no direct decisions. During tenders, the lessor evaluated a number of different aspects of the company, including such factors as whether they had certification, created additional jobs, supported kindergartens or not, etc (P). So, *'the price would often play the last role'* (N). Now, the basis of forest resource distribution is purely monetary: *'It is who gives more money that matters now'* (S). This change runs counter to several other recent trends in the sector. For instance, in some regions, prior to reform, there used to be a practice to take into account company's environmental and social policies, and voluntary forest certification during forest tenders (S). This practice discontinued when tenders were revoked. So, small local forest users (often successors of Soviet lespromkhozes), who tend to carry the heaviest burden of social infrastructure and support forest settlements (which also makes them less efficient than companies with less social responsibilities) are bound to loose auctions to bigger (and more efficient) companies. The transition to auctions as the only instrument of forest lease distribution jeopardizes these small and local companies and makes the local population (who are dependent on these companies) pay the highest price for the reform.

The reform is an attempt to make state-business relationships more transparent. At the same time, it causes environmental and social problems in the sector, for these issues

⁵⁵ 'Osnovy organizatsii lesnogo hozyaystva'

⁵⁶ 'Dogovor kupli-prodazhi lesnyh nasazhdeniy'

⁵⁷ 'Auktsiony po prodazhe prava na zaklyuchenie dogovora arendy lesnogo uchastka, nahodyashchegosya v gosudarstvennoy ili munitsipalnoy sobstvennosti, libo prava na zaklyuchenie dogovora kupli-prodazhi lesnyh nasazhdeniy'

are submerged by monetary interests (N). This change is believed to be particularly noticeable in the Far Eastern regions, where the market is relatively insensitive to environmental issues, and where state measures were potentially the only crucial driver of sustainable development (S).

This demonstrates that institutional development in the Russian forest sector is inconsistent and non-linear. Some institutions start to emerge (e.g. certification gained some official acknowledgement of state authorities; the state has, to some extent, started to facilitate sustainable and environmentally friendly forestry), but then their growth is knocked back by the growth of new institutions (in this case, auctions).

b) High Priority Investment Projects

The new forest legislation changed the balance between ‘market’ and ‘administrative’ mechanisms in granting access rights to forest resources. One of the state’s tools is the newly introduced mechanism of high priority investment projects. Federal and regional executive authorities can refer to projects with investment of 300 million roubles and more as high priority investment projects in accordance with the established procedure. Where a project is given the status ‘high priority investment project’, the investor can receive a forest plot with a respective allowed volume of timber harvesting for half the minimum price set by the Government of the Russian Federation for all other users (and some other benefits as well). Besides this, big investors will be able to receive discounts on stumpage price (S, N).

Big timber businesses can receive significant benefits (including access to forest resources for half of the minimal (non-market) price) by virtue of administrative decisions, which is an obvious demonstration of the redistributive economy (Besssonova, 2006; Kirdina, 2008; et al). At the same time, small and medium-size timber businesses, which play a major role in the welfare of forest villages and settlements, cannot receive such benefits and are allocated forest leases according to auction results. Institutions of the free market are embedded in a fundamentally different, strongly entrenched system of path-dependent institutions that are based on civil servants as dominant decision-makers.

c) Contracting for Forest Lease

A significant number of developments relate to the changing relations between state and private companies and the re-execution of all forest lease contracts. The new Forest Code imposes some important new obligations on forest lease holders, covering all forestry activity, forest regeneration, fire protection and some other areas (Forest Code 2006, Chapter 3 Articles 53, 55; Chapter 4 Articles 62, 64). Earlier, forest regeneration of cutover areas, care of stands, fire security etc, was the responsibility of state forestry bodies, including leased forests (Forest Code 1997 Chapter 11 Article 91; Chapter 12; Part II Chapter 4 Article 18). For example, according to the forest lease contract between the lessor Federal State Institution ‘Sosnovetskiy leskhoz’ and the lessee joint stock company Segezha pulp-and-paper plant as of 15 May 2006, the following forestry activities were imposed on the lessee: forest regeneration, including planting and sowing of the forest, additional forest plantation, tending of forest plantations, preparation of soil, improvement felling in young forests, arrangement and maintenance of mineral belts, cutting compartment lines, setting up information and anti-fire boards.

The reform is described by interviewees as transfer of responsibility for the whole cycle of forestry works onto lease holders, along with potentially less regulation on the side of the state. The state has withdrawn a number of its functions and roles from the sector, giving more room to market forces. It is private leaseholders who now have to not only harvest timber, but also prepare forest management plans, carry out preparatory works in the forests, thinning cuts, provide forest fire control, etc, that is carry out profitable as well loss-making operations (S). Therefore, private sector representatives regard these changes as delegation of additional burdens to private companies rather than improvement of state forest management (P).

All previously made lease contracts had to be brought in compliance with the new Forest Code, and they were given two years in order to do this (until 1 January 2009)⁵⁸. A leading NGO representative assessed the process of re-execution of lease contracts in the following way (N):

⁵⁸ Federal Law on the Enactment of the Forest Code of the Russian Federation, Article 4.2

‘The procedure for bringing contracts in compliance with the new Code was defined as late as in December 2006. In theory, it is relatively simple. In practice, however, there can be certain corruption-related problems. Depending on circumstances, re-execution of lease contracts can take from two to nine months. And during part of this period, leaseholders will have no lawful right to forest use.’ (N)

The interviewee considers re-execution of lease contracts as an additional source of corruption and illegal practices.

d) Forest Planning and Surveying

Another part of decentralisation reform concerns forest planning and surveying. The system of forestry planning and forest surveying (*lesoustroystvo*) in Russia was borrowed from Germany in mid-19th century. Consequently, it was significantly improved and adapted to Russian conditions. Until recently, conducting forestry planning and surveying and composition of obligatory forestry plans, mostly for ten years, has been mandatory according to the Russian legislation and has been carried out by special state companies, which had an exclusive right for this activity.

‘Forest surveying/organisation (*lesoustroystvo*) is carried out once every ten years. On the basis of forest surveying, one draws up a cutting plan (plan rubok). Prior to the reform, the state used to do everything. Now, this work will have to be financed by companies.’ (P)

The new Forest Code and the Law on its Enactment changed requirements for forestry planning (partly by means of changed distribution of responsibility for forestry between state bodies and private sector).

Information that was necessary for strategic forestry planning on the regional or national level was based on the *lesoustroystvo*’s data until recently. Data about basic forest management units (*vydel*) was accumulated on a higher level, so that in the end, one had a basis for the integrated state records of the forest fund, which was organised in all forests of the country about once every five years. This caused a ‘*conflict between interests of statistical accuracy and promptness of information (necessary for a good-quality strategic planning) and elaborateness of information (necessary for*

good-quality prescription of forestry measures and activities)' (N). The conflict would be usually solved in favour of elaborateness and more details, ever more so since often leaders of the forest sector were not interested in revealing objective data about forest dynamics and the results of their economic activity. Consequently, reliability of information about forests and their dynamics on the regional and national level was extremely low. The new Forest Code separated forest planning and the state inventory of forests. Now, information for the state inventory of forests has to be collected separately, using statistical and remote methods. However, methods of state inventory of forests are still being developed (N).

A shift of responsibility (e.g. to survey their forest land) from the state to the private sector is seen by representatives of different sectors (S, N) as associated with various complications, such as unrealistic deadlines for reform, delay of financial support, absence of methods and tools for the supposed new forest management practice. Problems are mostly ascribed to the federal level which hinders the work of regional state bodies and private structures.

e) Timber Trade Regulation

One of the most disputed parts of the forest reform has been customs regulation of timber export. In early 2007, the Russian Government made a decision to start a campaign against the increasing export of unprocessed timber from Russia by means of a gradual increase of customs duties, up to prohibitive duties, and thus make export of round timber almost impossible. Export fees for the main product of Russian forest export, namely unprocessed coniferous wood, increased from 6,5 percent up to 20 percent (but not less than 10 euro for a cubic meter) from 1 July 2007 and up to 25 percent (but not less than 15 euro for a cubic meter) from 1 April 2008. The next increase is expected to take place from 1 January 2009 – up to 80 percent, but not less than 50 euro for a cubic meter.⁵⁹

Only export duty for birch (*beryoza*) with a girth of under 15 centimeter will be zero until the beginning of 2011 (after that, it will also be raised up to 80 percent). Export duty of 80 percent is practically prohibitive for any kind of unprocessed timber. So, export of unprocessed wood from Russia is expected to drastically

⁵⁹ Decree of the Government of the Russian Federation of 5 February 2007 N 75.

decrease in early 2009, and export of coniferous wood is expected to completely discontinue.

Despite the commonly shared view that export of round wood should be dealt with and that timber processing should be fostered and developed, there are different views on these measures of the Government. The interviewed civil servants are optimistic about changing customs policy: *'not a single log will leave Russia'*, *'80 percent of all problems will be solved'* (S). It is hoped (S) that timber processing facilities will be built in the Far East with the help of Chinese capital. However, reform is also heavily criticized by both non-state and state representatives of the forest sector. It is criticized for lack of transparency (particularly, with regard to financial flows) (N) and consistency, lack of measures to attract investment in the sector, as well as lack of measures to enhance forest protection and to terminate illegal logging (P).

Despite the fact that the importance of tackling the issue of timber export was realised, the measures being taken do not represent a complete programme, but rather isolated steps, which are not connected to each other. The situation is regarded as unlikely to be changed in the near future. Major problems for successful achievement of set goals and curtailment of round wood export are the lack of wood processing infrastructure (S) and the technological backwardness of Russian industry (A). For some interviewees from the private sector in the Far East, the topic was a particularly delicate issue, so they refused to discuss it. (*'It is a too painful question for us. I would not like to discuss it in front of this audience. We work according to the legislation. There is law – we follow it.'* (P)

f) Delegation of Powers from the Federal Centre to the Regions

Since the adoption of the Forest Code 1997 until the end of 2004, almost all forests in Russia were managed in a centralised way by respective federal executive bodies (the structure of these bodies changed from time to time). Most forests were managed by the Ministry of Natural Resources (about 95 percent), a smaller portion of forests was managed by the Ministry of Agriculture (a little under 5 percent), and a very small portion were managed by other federal departments. Small forest areas were, and still are, on land belonging to constituent entities of the Russian Federation, settlements, towns and cities, as well as private individuals.

In late 2004, the Forest Code was amended. These amendments made provisions for some decentralisation of forest management. In particular, forest management powers that were previously in the hands of Ministry of Agriculture (in Soviet time in the hands of kolkhozes and sovkhozes), were passed over to regional administrations. Moreover, regional administrations were entrusted with forest fire fighting duty. Funds for forest management and fire fighting were allocated from the federal budget.⁶⁰

After the new Forest Code was adopted, this model of ‘decentralisation’ was applied to all forests, except forests of Moscow Oblast (which still continue to be managed by the Federal Forestry Agency) (FC 2006 Article 83). Forests remain property of the Russian Federation (FC 2006 Article 8). Major rules related to forest use are adopted on the federal level (FC 2006 Articles 73, 76, 81). Most revenue from forest use goes to the federal budget and returns in the form of subventions for forest management (FC 2006 Article 83). However, immediate forest management rests upon regional authorities (FC 2006 Article 83).

State bodies of forest management that were previously within the system of Federal Forestry Agency (mostly leskhoz, forest administration of Rayon level) were handed over to the regions on January 1, 2007⁶¹, and until the early 2008, they continued to exist without any major changes. From January 1st, 2008, in accordance with the law on Enactment of the Forest Code, they were separated into ‘lesnichestvos’, which retained administrative functions, and economic structures, which had to carry out different forestry works (in case they get state contracts or if they conclude a contract with a forest lease holder).

g) Reorganisation of Nature Protection Agencies

Independent federal nature protection agencies were abolished in 2000⁶². The independent Rosleskhoz [Federal Forestry Agency] and Goskomekologiya [State Committee of the Russian Federation for Environmental Protection] were liquidated.

⁶⁰ Federal law of 29.12.2004 N 199-FZ

⁶¹ Law On the Enactment of the Forest Code 2006, Article 15

⁶² Decree of the President of the Russian Federation of 17 May 2000 № 867; Resolution of the Government of the Russian Federation of 6 July 2000 № 495

Rosleskhoz became part of the Ministry of Natural Resources with significant staff changes (N, A).⁶³

‘There was a khozyain (master) of the forest, a state khozyain, who is not needed in this new system. One has liquidated it during the last eight years.’
(N)

The interviewee notes that the result has led to a situation where no one takes responsibility for protecting forest resources: the *khozyain* (owner, master and careful manager) in the forest sector, whose role used to be played by the state, was annihilated.

‘Some of these people end up in NGOs, some of them end up in the private sector, but stay in forest industry, some of them leave forest and timber sector completely.’ (N)

Transformation of nature protection agencies is believed to result in the loss or deterioration of human resources and decreasing number of experts in state bodies.

h) Separation of Administrative and Economic Functions

Until recently, state forest management bodies (leskhozes) ‘*have been doing several jobs at the same time: they allocated forest plots; at the same time, they cut timber, in order to sustain themselves, because the federal budget provided only 20 percent of what was needed*’ (S). The reform aimed to separate out economic functions and to leave only administrative functions to the state system of forest management. Opinions about potential consequences of this change vary. It evoked approval because separation of monitoring and logging functions may allow for independent control. Prior to the adoption of the new Forest Code, leskhozes (i.e. local state forest management bodies) (which managed and controlled everything themselves) are

⁶³ According to the Decree of the President of the Russian Federation of May 12th 2008 № 724, the Ministry of Natural Resource of the Russian Federation was transformed into the Ministry of Natural Resources and Ecology of the Russian Federation. Control of Specially Protected Natural Areas of federal importance was delegated to the Ministry.

believed to have been major lawbreakers (law was violated during timber harvesting operations) (N).

At the same time, there are certain circumstances that cause concern regarding possible effects of the reform.

‘It is clear that these will be economic structures organised on the basis of ex-leskhoz, so, there will still be ‘krugovaya poruka’ [mutual guarantee, joint liability of members of community for each other – in Russian pejorative] and the same people, but simply separated into two groups.’ (N)

There is a concern that separation of functions will not be complete, and private organisations will remain closely connected to state controlling bodies. Leskhoz dispose of knowledge and human resources necessary for forestry works, so companies will have to continue work with leskhoz (e.g. preparation of forest areas for forest users, thinning operations, forest regeneration and forest cultivation). Leskhoz-based organisations are expected to be hired by logging companies (S).

The effect of introduced innovations may be diluted by path-dependent informal institutions, such as ‘*krugovaya poruka*’.

‘The Forest Code returned Russia to the forest management system as of pre-1928. And it is the right thing to do. In 1928, one created leskhoz in order to carry out wood felling operations.’ (A)

The quote indicates that introduced innovations are not necessarily perceived as new. This measure is evaluated differently though. Thus, another interviewee, who notes the historical resemblance of the newly proposed system, says that ‘*there is nothing good about this transformation now*’ (A).

i) Reorganisation of Forest Guard

The ground forest protection service (*nazemnaya lesnaya ohrana*) was liquidated. Before the end of 2004, the system of forest protection in Russia was based on the so called ‘*obhody*’, i.e. forest plots personally attached to employees of state forest protection service (foresters-walking inspectors (*lesniki-obhodchiki*), with overall strength of about 70 thousand people in Russia). Since the early 1990s, the work of

this system has been causing concern, because in order to secure an acceptable level of wages, foresters spent most of their time being involved in various economic activities, mostly timber logging under the guise of improvement cutting. Nevertheless, forests were not completely ownerless. At least, villagers knew that the forest guard existed and theoretically could prosecute a violator.

On January 1, 2005, the powers connected with forest guard were withdrawn from state forestry bodies and handed over to the Federal Service for Supervision in the Sphere of Natural Resource Use [*Federalnaya sluzhba po nadzoru v sfere prirodopolzovaniya*]⁶⁴. This Service had only a small number of inspectors that were able to carry out forest protection (under 400 people for the whole country). As a result, forest protection became hardly visible.

‘From 1 January 2007, when the new Forest Code entered into force, forest protection powers were handed over to regional administrations. However, due to some ambiguities in the new Forest Code, the regions still cannot organise any kind of effective forest protection. The total number of people vested with the rights of forest guard makes about 12 thousand people at present. However, the system of their functioning is only being formed now.’ (N)

Consequently, Russian forests have been practically unprotected recently. Unusual as it may seem, it is mainly NGOs who are concerned about the destruction of the state system of forest management and control, downsizing of forest guard services and the negative consequences of curtailment of forestry expenses, namely the transformation of *leskhozes* into essentially commercial structures.

‘The state system was deprived of forest guards. Now, there are only 600 people in Rosprirodnadzor who have the powers of forest inspectors for the whole Russia. Before, the number of forest inspection employees was, according to different estimates, dozens of thousands. 30 to 50 thousand

⁶⁴ Resolution of the Government of the Russian Federation of 30 July 2004 N 400 ‘On Ratification of the Regulation about the Federal Service for Supervision in the Sphere of Natural Resource Use’

people. At the moment, there are just six inspectors for the whole Moscow Oblast’.’ (N)

Further changes in forest guard services concerned the status of foresters, namely only civil servants (initially, in the first drafts of the law) could act as state forest inspectors. It is believed (S) that the number of state forest inspectors was minimized in order to reduce the number of civil servants and consequently to cut the related expenses of the federal budget (wages, privileges, etc). The fact that forestry service was deprived of its powers is regarded as loss of control over forests (A).

‘At the Forum, Giriyayev said that foresters would be given the right to make reports on forest offences. Besides, some money from fines will be spent on bonuses for foresters. So, there will be more checks. They will drain money from companies.’ (P)

The quote indicates that more powers and financial support for foresters are expected, along with more check-ups on companies.

j) Felling Declarations

Along with downsizing, the forestry service and the demolition of forest use control on the ground, the state also granted more freedom to private forest leaseholders in terms of forest management on their plots, and made their control less strict. Thus, felling licenses (a document permitting wood cutting that was obtained from leskhozes) were replaced by felling declarations. Whilst submitting a felling declaration to an authorised state body once a year, the company is supposed to notify the state about its intention to fell a certain amount of wood in a certain way within its lease.

Interviewed non-state participant of the sector were critical of the new instrument because of its inflexibility (the felling declaration assumes that felling operations are determined for one year in advance), lack of information (the new form does not contain cartographic information) and its untimely introduction: when various other control mechanisms are weakened (N). Representatives of the state, however, expressed confidence that the new control system would allow a more democratic regime of forest management (S).

Since the time when interviews were taken, things have taken another turn. According to the draft of the ‘Action plan for 2008 for combat against illegal logging...’, which is being developed by the Interdepartmental Commission for countermeasures against illegal logging and illegal timber trade (*Mezhvedomstvennaya komissiya po protivodeystviyu nezakonnym zagotovkam i oborotu drevesiny*), the Ministry of Natural Resources and the Ministry for Economic Development and Trade have to prepare in the second quarter of 2008 amendments to the Forest Code that would introduce authorization documents granting the right to harvest timber. Basically, it means rejection of one of the main ideas behind the new Forest Code, namely the replacement of the licencing system of forest use (when any cutting was carried out on the basis of a uniform authorization document – the felling licence) with the declaration system (when leaseholders or forest users only submit an annual forest declaration and inform state bodies about their intention to cut forest). The new system has not started to work yet, because the transition of each leaseholder to the declaration system does not happen automatically, but only after they bring their lease contracts into compliance with the new Forest Code. Contracts had to be brought into compliance by 1 January 2009, but in early 2008 over 90% were still working in accordance with the old contracts.

So, the intention to return to the authorisation / licence system of forest use means only that the state itself is not ready to work by the new rules and is willing, at least to a certain degree, to return to the norms of the old Forest Code. This trend of backsliding to norms of the old forest legislation may not only be limited to the introduction of authorisation documents, but will also affect other conceptual elements of the new Forest Code. In this case, the only outcome of the reform is likely to be the return to more or less the initial state of affairs.

5.2.2 ‘State’ vs ‘Market’ Tools

The above mentioned feature of the post-Soviet forest sector, namely that it still combines institutions of the market economy with a great deal of state planning and control, is perceived as a cause of its numerous problems (P).

According to some representatives of private logging companies, the state forest management companies (*lesoustroitelnye predpriyatiya*) – due to the lack of will, awareness and funding - do not fulfil their functions satisfactorily, which causes

problems for the private sector. For instance, inappropriate methods of logging are prescribed.

‘A classical example would be birch forest with a second story of spruce. According to the surveyor’s description, this is a hardwood plot, it is 70 years old, and one can cut it [clear cut]. When we arrived there, we saw that there was hardwood indeed, but there was also a second story with thousands of thin spruce trees.’ (P)

So, companies are obliged to carry out clear felling, which requires special equipment (in order to cut thin trees) and extra effort to sell those – less valuable – trees. A gradual harvesting, however, would allow the thinning of the upper birch story and a return to the same logging site in 15 years in order to take the spruce sawlogs. So, the dominant position of state forest management companies does not allow effective use of forest resources and impedes development of efficient private companies, which aspire to compete in the international timber market.

Despite the recent delegation of forest management functions to private logging companies, it is believed that these state *‘lesoustroitelnye predpriyatiya’* will remain powerful players in the sector *‘for a long time’* (P), as they possess an extensive information base on forests, as well as significant experience and highly qualified staff to carry out the planning.

Another point raised with regard to the clashing market and state institutions is that prohibitive duties on round wood export are expected to create a serious barrier to the process of certification and transition to sustainable forestry, since companies’ main concern will be survival in the market, rather than environmental issues (S).

Despite the large-scale introduction of an auction mechanism and other attributes of the market, reform has not reduced the extent of administrative intervention into the process of forest resource distribution. In fact, the trend for extensive administrative intervention in the sector coexists with the trend for spreading features of the market economy in the sector. The state actively uses such tools as customs control, a system of preferences on the federal and regional levels for certain companies, e.g. in profits tax, VAT refund for those importing equipment as part of their nominal capital (S).

Other examples of growing state intervention in the forest sector include further administrative restrictions on the transportation of forest goods (N).

An important mechanism for civil servants to maintain their influence over forest resource distribution flows is through tight individual-level connections of state bodies and private companies. It is suggested that despite official separation of economic and administrative functions in the sector, as well as distribution of forest lease on the basis of auctions, the same people will control both types of activities:

‘They started to establish parallel structures, where, say director of a former leskhoz becomes director of a lesnichestvo. And in parallel, he is the head of a certain company. The lesnichestvo will hand over its improvement cutting right to this company. In reality, however, it will be not an improvement cutting, but the usual commercial cutting, and they will get commercially expensive timber.’ (N)

This means that the state’s impact on newly introduced market institutions and impact of market institutions on the state are parallel and closely interwoven processes with consequences yet to be seen.

5.3 Process of the Reform

There are several major processes and trends that characterise how the reform has been designed and implemented. A most important trend that has considerably affected preparation and enforcement of the reform is commercialisation of the sector (common for different areas of post-Soviet socio-economic life).

Commercialisation

The new Forest Code caused deep concern of forest sector stakeholders with regard to the changing pattern of forest use. Representatives of NGOs (N), as well as business (P) expressed the idea that the new Forest Code was written with the purpose of forest land seizure and the following real estate development of the area (including protective forests (former forests of the first group), which are particularly valuable in environmental and social terms – green zones in urban areas and settlements, water protection zones etc). At the moment, there are three main ways to transfer forests to real estate development and similar purposes: through official conversion of forest

fund land into land of other categories; through occupation of land with disputed or unclear status, or through leasing for certain kinds of forest use.

Concerning the official conversion of land from the forest fund into other land categories, the new Forest Code has not changed much. The size of forest with disputed or unclear status significantly increased with the introduction of the new Forest Code, mostly on the account of forests that previously used to be managed by the Ministry of Agriculture and used by agricultural organizations. In the early 1990s, most of such forest, along with other lands of former kolkhozes and sovkhozes, were divided into land shares / units (*zemelnye pai*), converted to land for agricultural purposes and partly privatized. The process of privatization of such forests was stopped. However, in most cases, the land remained part of the land for agricultural purposes. The new Forest Code does not regulate the status of forests situated on the land for agricultural purposes in any way, which creates conditions for land seizure and real estate development in place of these forests (which is realized in practice by many people).

The biggest change concerning real estate development in place of forests that happened once the new Forest Code was introduced was the possibility to develop leased forests without official change of their status (so ‘*on paper*’, forest may still be forest, but in reality, there may be mansion houses there, for example). The right of construction work in the forest is given to lease holders who obtained forest for the purposes of wood harvesting, hunting, religious and recreational activities, etc (FC 2006 Articles 36, 38, 41, 47).

‘At the moment, quite large plots of forest land are already being transferred to lease for recreational purposes, implying possible development activity, in the Moscow region.’ (N)

Commercialisation of the forest sector occurs through implicit introduction of private property on forests. State authorities officially retained predominance of state ownership of forests. However, they ‘*created conditions for actual unregulated development of private property for purposes of real estate development*’ (N).

So, despite the development of the market economy, dominant institutions are retained in Russia, such as the institution of ‘*razdacha*’ (deal-out) (the concept

introduced by Bessonova, 2006) in this case. The state remains dominant in the sector, as it retains the right of resource distribution. Moreover, there remains the consumer attitude to the forest as an economic resource.

Business-Oriented Discourse: Forest Land, Forest Plots, Forest as Collateral

Another concern raised is about the changing attitude towards the forest. The main value is now seen to be in forest land rather than forest ecosystems. Terminology and the concept of the forest significantly changed in the Forest Code. Thus, in the old Forest Code of 1997, forest is defined as:

‘a complex of forest vegetation, land, wildlife and other components of natural environment that have an important ecological, economic and social importance.’ (Forest Code, 2006: 3)

In the Forest Code 2006 (Chapter 1 Article 5) the definition is different:

‘Forest use, security, protection, and regeneration are carried out on the assumption that the forest is an ecological system or a natural resource.’ (Forest Code, 2007: 4)

The social value of forests is not emphasized any more, and significant stress is placed on forest as a resource. The terminology commonly used in the Forest Code 2006 indicates the growing commercialisation of the sector and increasing emphasis on land, rather than other forest resources. Thus, the titles of the Code articles include the following: ‘Land on which forests are situated’ (*‘Zemli, na kotoryh raspolagayutsya lesa’*), ‘Forest plot’ (*‘Lesnoy uchastok’*), ‘Construction, reconstruction and exploitation of objects not related to creation of forest infrastructure’ (*‘Stroitelstvo, rekonstruktsiya I ekspluatatsiya obyekтов, ne svyazannyh s sozdaniem lesnoy infrastruktury’*), ‘Investment activity in the area of forest exploitation’ (*‘Investitsionnaya deyatel'nost' v oblasti osvoyeniya lesov’*).

Previously, one would use the term ‘plots of forest fund’ (*uchastki lesnogo fonda*). Now, one talks about ‘forest plots’ (*lesnoy uchastok*). So, the mainstream discourse is not about the natural resource any more, but rather about land plots. One leases land, rather than forest. Besides, previously, one used to pay natural resource rent for cubic

metres. However, as one of interviewees noted, the rent is going to change soon, and one will be paying for hectares, i.e. for land (P).

Features of the market economy have also found reflection in the new terms for harvesting operations:

‘Before, one distinctly differentiated between industrial harvesting of timber and improvement cuttings (which is an element of forestry aimed at forest regeneration). Now, all kinds of timber harvesting from final felling (harvest cutting) up to improvement felling are called in the same way – ‘harvesting of wood’ (zagotovka drevesiny).’ (S)

The private sector regards the new Forest Code ‘*strategically better*’ than its predecessor, since ‘*one can find lease, sub-lease, collateral, etc there* [in the Forest Code]’ (P).

‘Now, if you build roads, you have a future. However, in order to build them, one needs to find money somewhere – and this is capital investment. Our company is unable to provide such capital investment from our own resources. But if we have an option of collateral, we can pledge these roads - and build even more roads.’ (P)

The quote indicates that the reform is perceived as a further step to the market economy and as new economic opportunities being opened up for business.

Public Participation

The process of commercialisation of the forest sector is closely related to another characteristic trend of low level of public participation in the course of law-making and forest management.

‘Previously, not a single harvesting plan was approved without public environmental impact assessment or public hearings... Now, according to the Forest Code, all this has been discontinued. It is who gives more money that matters now.’ (P)

Commercialisation is believed to make public participation even more negligible than it has been before. Representatives of the private sector witnessed that the process of writing the Forest Code was not open, with no public participation allowed (P). Both NGOs and civil servants expressed their concerns about the extent of public involvement in the legislative process. An NGO representative directly involved in the law-making process felt that it had cost NGOs a substantial effort to get involved in the process and organise dialogue with experts from Rosleskhoz. Moreover, they were allowed participation in drafting only one normative document (Timber Harvesting Rules) and only at the initial stage, after which their suggestions were discarded and NGO representatives were debarred from the process (N).

‘*Everyone* participated in elaboration of the Forest Code. Another question, however, is whether their opinions were taken into account. Opinion of practitioners was not taken into consideration very much. The Forest Code was written in cabinets and is detached from reality on the ground.’ (S)

Drafting of the Forest Code is said to have happened purely ‘*behind the scenes*’, the names of its authors have remained undisclosed to the general public. There is a firm belief that decisions have been made ‘*not just at the top, but at the very top*’, namely by officials in the Presidential Executive Office (N). Most decisions were made on the federal, top level. The main rules related to forestry and forest use with commercial purposes are defined on the federal level (through governmental instructions or orders of the Ministry of Natural Resources), whereas regions are given mainly regulation of issues related to forest use by local population for household needs [Forest Code 2006, Chapter 9 Articles 81, 82].

To be fair, one ought to mention that the Forest Code is said to be possibly the most discussed federal law during the last ten years (N, S). However, it happened against the will of the state:

‘Authorities, including the law-makers, relevant ministries, and Presidential Executive Office, and factions in the Parliament that are actual decision-makers in the State Duma, were, on the contrary, all against any kind of public discussion.’ (N)

The debates that took place were driven by civil society. (N) However, final versions of the law were adopted by a narrow circle of people under the pressure of a commercial lobby. (P, S) And even when decision-making is delegated to lower, regional levels, excessive bureaucracy and administration still prohibit voices from the ground from being heard. (P, N)

‘All reforms in Russia that were carried out from the top – they would all die halfway.’ (N)

The quote shows lack of belief in the potential of state reforms, and an awareness of the need to develop a working feedback system and adopt more democratic procedures of decision-making.

Absence of a working feedback system for the law-making process results in legislation being perceived as unpredictable and of poor quality. The new Code is said to give significantly less room for public participation, as it has been deprived of articles providing for public environmental impact assessment (replaced with state environmental impact assessment) and other tools of public participation (N).

The extent of public participation has a most significant impact on the nature of institutional change in the Russian forest sector, for this characterises the ‘*meta set of rules*’ (Ostrom, 2005), namely the rules of rule-making. The state is assigned strong advantages in the rule-changing process.

Perspectives on the Reform

Interviewees united in their opinion that in the future, there would be constant long-term amendments to the passed legislation. In other respects, viewpoints of interviewees varied across the spectrum from positive to very negative.

Some interviewees expect new legislation to be more flexible with regards to harvesting rules, which would allow them for example to leave certain trees on logging sites and, thus, meet some requirements for biodiversity conservation (P). The quality of forestry works (forest regeneration, thinning operations, forest fire preventive works, etc) is also expected to improve, as they will be carried out by private companies, i.e. those interested in their good quality and in designated use of funds (as opposed to state organisations) (P).

‘During the Soviet period, [such works as improvement felling, preparation of soil, fire fighting etc] used to be carried out by leskhoz. Leskhoz were assigned state budget money for this. And on paper, they could do anything. That is, they would do the job themselves and then control it themselves as well. It was very rare that an inspector came and controlled how the project was completed. For example, they had a plan of 1000 hectare improvement felling in a young forest. In reality, they would do at best one third well.’ (P)

The interviewee suggests that previously, due to how the system of control was organised, leskhoz did not carry out their duties responsibly. He hopes that this situation may change after the reform, which is meant to give more flexibility and freedom for private leaseholders, and put them in charge of the whole forestry cycle.

‘The small business will go, but it will find its new niche as contractors for logging site cleaning, bio-fuel production, thinning operations, lumbering, etc. Forest lease will be held by big companies though. This will allow foresters to exercise better control... Duties will allow reducing illegal timber export.’ (P)

The quote above is a commentary of a private sector representative about round timber customs duties increase. The reform is seen as an opportunity to organise more effective control mechanisms, thus reducing illegal timber trade.

‘Earlier, the situation was the following: there was a leased area, for which there were at least two ‘khozyains’ [landlords], namely a leaseholder, who carries out main fellings (rubki glavnogo polzovaniya), and a leskhoz, who steals timber under the guise of improvement fellings, and often in larger amounts than the leaseholder. So, there were at least two khozyains, because in reality, leskhoz could also transfer their right to someone else or even to several companies at the same time.’ (N)

The quote indicates that prior to the reform a situation of several forest users on one forest plot was common. Their activities were poorly coordinated with each other, if at all. No-one was ultimately responsible for the whole cycle of forest management. Delegation of responsibilities to the timber industry is believed to change the

situation, create actual centres of responsibility and make forest users accountable for results of their forest management.

The above quote also suggests that the reform may imply a shift from ‘*supreme conditional ownership*’ (Kirdina, 2008) to private ownership. It is indicative of the ongoing transition to the market economy. The open question remains to what extent such core institutions (as e.g. the institution of supreme conditional property) will be replaced or retained. Are the introduced changes to be interpreted as the crisis of the ‘razdatok’ economy (Bessonova, 2006), which forced authorities to allow more room for alternative institutions? Is it a sign of a new emerging institutional system or a liberal form of the razdatok economy or a temporary retreat of the state to be followed by its full-fledged return later on?

Most optimistic about the upcoming change are representatives of the state sector. Their hopes are connected with the increase of export customs duties on round timber and development of processing capacities (S).

However, change is not only related to reform or state measures, but also to general development of the economy and a shift towards market economy.

‘Companies are now in new market conditions. They switch to re-execution of lease contracts; they start to create forest guard agencies and to protect their forests. So, in essence, they move away from illegal timber market. That is, we see germs of civilized forest use.’ (S)

At the other end of the spectrum is the feeling of frustration and disappointment of interviewees about potential change and the opinion that the reform has destroyed the forest management system, control over the forest sector has been lost, whereas a new working system has not been created (P, A).

‘There is still no head of forestry sector in the Krai. There were ten people – each of them would work for under a week and leave for different reasons. So now that it is time to carry out preparatory work for the next year, we cannot get the necessary documents signed (there is no one to sign the documents).’ (P)

The interviewee expresses his concern about the inability to organise normal company's functioning due to constant changes and lack of relevant civil servants in office.

If disintegration of the state forest management system and reduction of state responsibility for forests is one side of the coin, the other side is changing relationships and distribution of responsibilities between state bodies and private companies. Business is given more flexibility in organisation of forestry on its lease, but at the same time, it is obliged to carry out most forestry works. Under conditions of more freedom and high risk, a significant part of businesses are expected to move into '*grey zones*' (N). The reform (particularly liberalization and decentralisation of the sector) is expected to result in significant polarization in the quality of logging and forestry operations.

‘[We] made a regional list of types of Specially Protected Areas (OZU), which was based on a federal classification but also corresponded to regional peculiarities and goals of a ‘High Conservation Value Forests’ concept. This list was approved by local forestry bodies as well. However, all this has almost lost its force in view of our forest reform now.’ (N)

This commentary shows that the reform has annulled an important achievement of NGOs and private sector (implementation of the concept of High Conservation Value Forests in Archangelsk Oblast) that was made in the past several years.

A major complaint of the private sector concerned the replacement of felling licences with forest declarations. Recently, big companies established their own systems of tracking timber origin. These systems were based on felling licences. So, once this document ceased to exist, the whole system was paralysed (P). This shows the non-linearity of the institutional development: new institutions (such as private systems of tracking timber origin) can be stifled by a new state forest policy.

‘One cannot get a forest lease. There are no felling licences. There is no data on the new forest management and planning. Production rates have fallen by 15-30 percent all over the country.’ (P)

This comment refers to the temporary deterioration of situation during the transition and reform implementation period. The interviewee describes difficulties with obtaining necessary documents and information, which affects companies' activity and output. Another interviewee notes similar problems: civil servants have been '*too overloaded with reform-related problems to look into anything else*', e.g. biodiversity, public participation, etc (N). There has been confusion and lack of understanding among forestry officials as to '*how things are supposed to work now*' (P). This has been accompanied by temporary legislative gaps and inconsistencies (N, P). There are issues with financial support of reorganisation of the forest sector (N). Private companies had to postpone their development and certification plans in view of the need to adapt to new regulations (N).

However, it is not just the short-term transition period that is looked at with scepticism by interviewees. The reform is said to have caused an increase in paperwork, rather than real change on the ground (N). There is a strong feeling that despite all official innovations, nothing (or not much) is going to change as a result of the current forest reform, e.g. business is unlikely to receive more support from the state than it has had before (P). New regulations are not expected to be any closer to targets and norms suggested by NGOs, as they have been written by the old generation of foresters, who were educated in the Soviet system and are not interested in changing the system (N). The new legislation is said to give no room for such innovations as model forests (A).

The reformed forest management system is expected to return to its status quo after a while: '*Even if they destroy leskhozoes, they will have to restore this system later...*'; '*We shall go back to the old, most likely*' (P).

'In reality, there is no reform. Well, leskhozoes were supposed to be removed, but they still have not been removed. The same people make decisions in lesnichestvos. Of course, these people will still try to make sure leskhozoes (well, one can rename them into joint stock companies) retain their rights and receive budget money. They will try to do their best so that leskhozoes win all tenders for all forestry activities – fire fighting, forest plantation, etc. Of course, leskhozoes will be still doing it inefficiently and

one will still close one's eyes on this, because it is 'our people' who do it.'

(N)

The above quote suggests that informal ties are predominant in the sector and to a great extent determine how the sector functions irrespective of changing formal institutions. Other interviewees from the non-governmental and state sectors also believe that the current reform will have only a minor impact on the informal institutional system of the forest sector. According to a state representative (S), as previous reforms of Russian forest sector showed, irrespective of whether administrative (forest management) and economic (logging) functions (leskhoz and lespromkhoz) are officially separated or not, on the ground, functions are carried out according to the actual skills of people employed by leskhoz and lespromkhoz:

'In practice it is as follows: everyone is doing whatever they are good at. If someone studied for forest protection, forest regeneration and tending of forest, and if they worked in an organisation like this, then they would carry on like this, despite legislative changes.' (S)

Another interviewee (A) goes even further to suggest that the reform is unlikely to notably affect forest management because of stable corruption in the forest management civil service and consequently poor compliance with regulations. So, the situation is not expected to deteriorate even after liberalisation and weakening control in the forest, as the previously existing system has been far from impeccable and has been held up largely by informal institutions.

Similarly, in the opinion of several NGO representatives, the effect of increased export duties on round wood in the Far East will have a significantly lesser extent than expected by policy-makers. The first reason is that the Chinese industry has a strong interest in Russian raw timber and will therefore take measures to ensure the supply of Russian timber (potentially through subsidies for import, or building sawing facilities in Russia, or bribing local authorities in Russian rural areas).

'There are plenty of back-ways around export duties, plenty of options for the state and business to get their way round – with the help of the Chinese. Customs officers have been saying this. There will be a drop in exportation... But life will start to find back-ways.' (N)

Among other reasons for such expectations are: the newly introduced formal institutions, while processed by the officialdom, are distorted, which nullifies the effect of the reform on the ground (S); the state has not created the necessary business environment (e.g., wood processing capacities) for development of new informal institutions (P).

5.4 Costs and Consequences of the Forest Reform

5.4.1 Costs of the Forest Reform

Re-execution of lease contracts, along with rewriting all planning documents and the beginning of realisation of a number of new responsibilities, has been a costly and complicated process for lease holders, particularly for small local companies, which operate on a separate village or settlement scale (due to remoteness of administrative centres, lack of competent lawyers and overall lack of information about the current reform). Some new contracts contain provisions that are absurd and do not introduce any innovations. Thus, according to the forest lease contract between the lessor Federal State Institution 'Sosnovetskiy leskhoz' and the leasee joint stock company Segezhskiy pulp-and-paper plant as of 15 May 2006 (clause 6.2.32), the leaseholder is obliged to 'carry out together with the lessor voluntary forest certification in accordance with the procedure prescribed by law'. However, this procedure is not prescribed by law. Civil servants neither comment on how this clause should be implemented, nor agree to any kind of cooperation with the company. So, expectations of some private companies are that under current conditions (namely, very poor available forest resources (in the North-Western part of Russia) and very poor quality, but at the same time high price of planting material that companies buy from leskhozes) many companies may start to abandon their leases, because the price of one cubic meter of standing crop is already higher than in Finland (P).

So, it is mostly small companies and their employees who have been paying the highest price for this reform.

A number of issues related to implementation of the reform (as described by regional civil servants) refer to the federal level of forest management and management of financial flows.

‘The new Forest Code delegates powers for forest management to Khabarovsk Krai. The main problem that impedes execution of delegated powers (execution of powers is supposed to be carried out on the account of federal money, i.e. subventions) is that the amount of allowed subventions makes up only 30 percent of what is needed. There is not enough money for fire fighting and for forestry works...’ (S)

Representatives of state and non-state sectors express their concerns about delayed transfer of subsidies from the federal to regional budgets, which impedes enforcement of the reform at the regional and local level, as well as normal functioning of regional forest management bodies (S, N).

Institutional Costs

Re-execution of lease contracts is seen by non-state actors not just as an extra expense or a threat to their activity, but also as a legalised way to ‘*redistribute forest resources*’ (P), thus making the reform institutionalisation of illegal activities. Besides, the new lease contracts are said to contain a number of ‘*obviously illegal provisions*’, especially if the company (leasee) does not stand upon its rights (P).

Another major cost of the reform is believed to be disintegration of the state forest management system (S, N). The unified professional forest fire protection system has been disintegrating. Until recently, forest fire protection was carried out practically in full by state forestry bodies in Russia. In densely populated areas with well-developed road network, fire-fighting arrangement and forest protection, detection and extinction of forest fires were carried out mainly by leskhozoes. Forests in sparsely populated and hardly accessibly areas were protected from fires by divisions of the unified federal structure *Avialesokhrana* [Agency for Air Forest Protection]. The same structure provided, to a great extent, fire fighting of large-scale or particularly dangerous fires. When the new Forest Code was adopted, *Avialesokhrana* was divided between regions and fell apart into numerous independent (and often non-viable) fragments. In 2007, ‘*there was no possibility for forest fire fighting projection operation between regions*’ (N). In March 2008, the law on the federal budget was amended, so some stand-by funds on the federal level for fire fighting were restored. However, the ability for projection operations of qualified forces between regions in a centralised way has not been restored yet. And while the state-run system has been liquidated,

private leaseholders *'have not accumulated the experience or resources necessary to put out large-scale forest fires'* (S).

The reform, with its numerous transformations since 2000 and a dramatic reduction of state forestry agencies, is argued to have caused a *'grave loss of professionalism'*, skills and knowledge of forestry officials (N).

'Competent experts leave forestry bodies. Usually, this process is irreversible, because very few come to replace them. First, because of kumovshchina [nepotism] and similar things, i.e. they hire only their friends. Secondly, only few agree to work on such conditions, when you are not a human being, but a mechanism, and you are told what to do.' (N)

Lack of professionalism in state structures leads to numerous problems, such as mistakes in legal documents, illogic, excessive radicalism, inconsistency, lack of consideration of existing practices for Russian forest management and relationships in the forest sector (N).

Social Cost

The forest sector in Russia and the USSR has traditionally been of considerable social importance. It was second largest employer of rural population (after agriculture), and in some taiga regions it was even the largest employer. When the USSR fell apart, there were about 2.1 million employees in the forest sector (N). Since the break-up of the Soviet Union, the number of employees in the forest sector has been constantly, although irregularly, decreasing, which was related to a sharp decline in production output and forestry works (in the early 1990s), as well as to the large-scale technical upgrade of the sector. By 2006, the number of people employed in the forest sector, reached about one million, one quarter of who were employed in various state forestry bodies (A).

Concerns about recently increased unemployment are related to technological advances and increasing efficiency in the sector (N). Moreover, redistribution of forest leases in the interests of bigger forest businesses and the increased responsibility of private companies are expected to cause further job cuts, especially in smaller regions. Small companies, which tend to be effective in terms of

employment but not efficient as businesses, are not believed to be able to survive the reform, causing severe social problems (P, N). New regulations are expected to cause a lot of small and medium-size companies to stop their operations or to go underground (move into the illegal sector) (N, P). Changes are believed to be implemented at a very fast pace, and the new legislation is believed to increase the unemployment growth rate by two to three times (N).

Unemployment involves not just employees of the private sector, but also local forestry state organisations, which have been curtailed.

‘Those two hundred thousand forest sector employees that were handed over to the regions are not needed in such quantity. This problem has existed for a long time, namely that there were too many forestry employees, but no budget money to support them. So, there was a question how one could dismiss them. This is why they were simply shoved off to the regions – effectively fired, at least most of them.’ (N)

Large-scale dismissal of forestry employees is bound to cause a number of further social and environmental issues, such as a growth in poaching and illegal logging, particularly in remote areas with no employment alternatives (A).

The cost of reform is believed to be particularly high not for big business or civil servants of the federal level, but for the local population and local employees of the forest sector. The cost is regarded as practically prohibitive for small and middle-size forestry companies (who bear the burden of social responsibility) in view of the implemented reforms on the basis of the new Forest Code.

Legislative changes raised not only the issue of employment, but also that of restricted access to essential forest resources for population. Free access to forests was officially retained in the new legislation. Nevertheless, there arose several issues.

‘Of course, there are very frightening things in the new Forest Code. For instance, if I decide to lease a piece of forest for my apiary site, I would need to go through a very complicated procedure. At the same time, a big company like Rimbunan Hijau will be able to get a piece of forest even without an auction (auction is not obligatory for big investors).’ (N)

The interviewee is concerned about the unfairness of forest distribution procedures: rules for forest use by the local population are said to be more complicated than those for big industrial investment projects.

‘In order to obtain the right to cut some trees for fire wood, a citizen from say Samarga or some Agzu settlement will have to appeal to executive authorities in Vladivostok, the city with regional executive authority offices, and he will have to travel to Vladivostok. This is a requirement of the federal law.’ (S)

The quote shows concern about the rules for obtaining felling licenses for household purposes and excessive centralization of forest management.

As the above quotes demonstrate, these issues are recognized equally by NGOs and representatives of state agencies. It is admitted that the new forest legislation has significantly restricted and complicated access of rural population to vital forest resources, first and foremost to firewood and timber for small-scale construction and maintenance works, and non-timber forest resources for processing and sale (mushrooms, berries, etc).

Despite the high cost of reform for all key participants of the forest sector, their concerns are not voiced accordingly, the only recent exception being a massive wave of protest from forestry employees and regional authorities as a reaction to the first draft of the Forest Code (N). The discontent with ongoing changes and such consequences as the lowering status of leskhozoes after delegation of powers to the regional level; loss of jobs and other social issues (S), finds reflection mostly in ‘hidden discourses’ (Scott, 1990). Not just private companies, but also local civil servants express their concerns about the state reform (S). However, these concerns and critique of official policies tend to be voiced in a non-public social space.

5.4.2 Consequences of the Forest Reform

Rise of Environmentalism?

The environmental aspect of the new legislation is assessed differently by interviewees.

‘I think that Russian legislation is changing for the better. Thus, a Strategy for conservation of rare and extinct species has been approved at the level of the Ministry of Natural Resources.’ (N)

The interviewee notes a certain ‘greening’ of state forest policy and legislation. The awareness of biodiversity issues has been growing.

New regulations provide for the possibility of biodiversity conservation and protection of low-disturbed forests. For example, previously, companies would be fined for leaving groups of trees on the logging site (as a method of biodiversity conservation), now the new legislation provides an opportunity for leaving groups of trees on the plot (P). National legislation and rules are believed to have become less rigid, allowing more flexibility for forest users, e.g. when choosing environmentally-friendly technologies (N).

‘Despite all drawbacks of the Code and transition period (not everything goes smoothly yet), the Forest Code overall tries to oblige forest users to do the jobs they should be doing, namely forest protection and regeneration, rational forest use, etc on their leases. So, it comes out that the leaseholder undertakes a commitment (according to the lease contract) to work essentially within the framework of certification.’ (S)

The quote shows that there is a trend towards juxtaposition of the new legislation and FSC requirements (international standards). Changes in forest legislation, such as granting more responsibility to leaseholders, are regarded as the harmonisation of national laws with international norms.

‘When the majority of the rural population either worked for the timber sector or was in some other way dependent on these companies, people mostly closed their eyes to the devastation of the forests taking place. Now that the economic ties between the majority of the rural population and the timber industry have been disrupted, the active part of the population (usually not a very large one) is not willing any more to put up with the situation where remnants of valuable forests disappear, and villages and settlements are still left in poverty.’ (N)

The increasing unemployment is expected to correlate with possible changes in attitudes towards devastating timber harvesting techniques. A change in attitude to forest resources and a turn towards environmental thinking is expected as a consequence of, possibly, weakened (as an outcome of the forest reform) economic ties between the population and the forest.

These changes demonstrate that despite a strong path-dependence of the law-making process, there is room for institutional innovations. Despite the persistent 'razdatok' centralised economy, some areas are released from the state control. As Bessonova (2006, 2008) would argue, these are just areas that represent no interest for the state or that such liberalization occurs during periods of crisis and deteriorated state capability (which could refer to the current situation).

'One often says that concerning conservation or low-disturbed forests, biodiversity, etc, FSC criteria do not accord with the Russian legislation. This is not true. They absolutely correspond to the federal Russian legislation – all these approaches, requirements, etc. And what they do not correspond to is departmental normative acts, such as Harvesting Rules, Rules for Allotment and Inspection of Forest Plots (*pravila otvoda i osvidetelstvovaniya lesosek*), Sanitary Rules (*sanitarnye pravila*), and Rules for Improvement Cutting (*pravila rubok uhoda*).' (N)

The quoted NGO leader argues that environmental shift of the forest legislation is challenged not by major federal laws, but rather by internal contradictions within the Russian legal system. The reason for this discrepancy is that these departmental documents were written long time ago, and respective norms of forest use have become entrenched as everyday practices. A change of these formal institutions has started (e.g. new Harvesting Rules), however, it happens slowly (N).

'In principle, these [Harvesting] rules contain more possibilities now for biodiversity conservation on different levels. However, as always, I see a big pitfall here. I am afraid that in the Russian reality, our loggers will understand this as follows: 'Well, this is what we do not need, something rotten and doty, overmature and commercially not attractive, so we shall leave this for biodiversity...' (P)

The quote shows that concerns relate not only to law-making, but also to implementation of introduced innovations. The interviewee expressed an opinion that even such positive legislative changes can lead to negative effects and deterioration of environmental situation due to particularities of implementation in Russian conditions.

Informal institutions, namely underdevelopment of environmental thinking (forest perceived as purely an economic resource) in conditions of poor control and liberalisation in the forest sector are believed to present a serious challenge to environmentalistic changes of the legislation. During the current period of transition and development of the Russian forest capital, transplantation of international standards and institutions requires particular caution. There is a feeling (N) of a backwards movement in terms of environmentalism, increasing threat to protective forests, expanding opportunities for commercial logging and growing commercialisation of the sector.

Change in Power Relations?

NGO interviewees argue that the reform has not brought any significant changes to power relations in the sector. Thus, decentralization is regarded as '*fictitious*', as it implies delegation of obligations and duties, rather than rights and power to regional authorities (N). Only some forestry service property and employees were transferred to the regions (N). These changes do not diminish the resemblance to the Soviet system.

'All money [forest revenues] goes upwards, to the federal budget. Money from the federal budget is distributed in the form of subventions among constituent entities of the Russian Federation. Besides, the allocated money does not depend on how much they received from the constituent entity. I mean, there is a technique to calculate it, but the technique is of Soviet and egalitarian type. There is no connection with efficiency of forestry in each particular region. So, regions have no financial motivation for raising efficiency of their forestry sectors. They have a plan how much they have to collect. But again, it is the old Soviet planned system.' (N)

The quote shows that financial levers are in the hands of federal authorities, and funds of regional forestry bodies depend on the centrally made decisions.

Moreover, a new scheme of payment for forest resources was introduced, whereby the authority to fix the coefficient for payment for forest resources was taken from regional level and passed to the federal level. Prior to the reform, minimal fees for forest lease were fixed by federal government. However, there were the so called regional rates, and regional budgets had the right to receive funds that could be collected in addition to the rates fixed by the federal government. In the course of the reform, the right to fix this scaling-up coefficient has been taken from regional authorities and given to the executive federal body Rosleskhoz (S).

So, financial control after adoption of the new legislation has continued to be shaped by institutions that bear a strong resemblance to the Soviet system of forest management, namely institutions of redistribution where the state plays the dominant role, vertical hierarchical authority (Kirdina, 2008) and institutions of '*razdacha*' (deal-out) and '*sdacha*' (tribute to the ruler) (Bessonova, 2006). The state fosters the dependant's psychology and the 'give me' syndrome (Bessonova, 2006).

The legislative level of forest sector management is controlled by federal authorities: all laws and most normative acts (including the ones that shape industrial, large-scale forest use) are designed at the federal level (N).

'Regions are allowed some law-making, but it is mainly norms concerning forest use by individuals, i.e. for household needs. However, it is a very small share of norms, and it concerns mostly minor issues.' (N)

After the redistribution of powers, the specifying of species that are not allowed to be harvested belongs only to the federal authorities. Regional logging restrictions or bans for certain tree species (such as linden in Khabarovsk and Primorsky Krai) were lifted (N).

'The system of *lesnichestvos*, new bodies of forest management, has to be agreed upon by the federal level. The heads of these structures also have to be approved by the federal level.' (N)

Thus, administrative control is also in the hands of federal civil servants, as candidates for important governing posts have to be approved by federal authorities.

So, delegation of forest management powers to the regional level has to a great extent been fictitious. All actual levers of forest management (financial, legislative and administrative) have remained in the hands of federal authorities. The institutional system has remained dominated by informal path-dependent institutions.

The main right delegated to the regional level was the right to allocate forest leases for felling. It is not clear how it can be guaranteed that governors are interested in sustainable forest management. There is a concern (N) that they will be interested in allocating as much forest as possible for lease and in felling as much as possible. There is a concern that goals related to long-term sustainability, quality of water, recreational space for population, development of specially protected natural areas and tourism will shift to the background.

Consequences of the attempt to decentralise forest management have been metaphorically summarised by an NGO representative:

‘I would compare this with the situation before Revolution in Russia – with a typical image of a stingy landlord, who lives somewhere in Moscow or St. Petersburg, but has an estate, which is run by a steward. So, he says to his steward: ‘Your every step has to be agreed with me. And you have to give every earned kopec [penny] to me. Later, I will probably give the same very kopec back to you for your essential needs.’ Such is the management model. Such steward is just a nominal steward. He just executes the will of his khozyain [landlord]. The same has happened with the regions now.’ (N)

The above mentioned specificity of the decentralization process in the Russian forest sector and the lack of change in power relations are an obstacle for the development of such informal institutions as a sense of responsibility in civil servants. Since regional governors are appointed from Moscow and are ‘*a continuation of the executive vertically*’ (N), they remain largely unaccountable to local population, which means that consequences of decentralization are likely to be arbitrary and depend heavily on central authorities. The attempt at decentralization is likely to

result in just new formalities but leave the fundamentals of the '*unitary political order*' (e.g., governing positions are filled by appointment) (Kirdina, 2008) (and accompanying informal institutions) unchanged.

Legal Nihilism

The new Russian forest legislation is described as '*intricate, messy, contradictory and difficult to implement*', '*obviously hostile to individuals, first and foremost to the rural population*' and aimed at '*securing convenience for civil servants when handling individuals or companies*' rather than conservation of forests or securing convenience for local population. All this is believed to shape a negative attitude of the population towards forest laws and rules, as well as A steadfast reluctance to live according to these rules and regulations (i.e. legal nihilism): '*people are concerned not so much about finding a way to comply with the new law, but rather about finding a way to avoid the law*' (N).

Among provided examples was a situation with felling licences, when regional authorities had to violate the new law and issue felling licences, so that the logging activities did not stop (N). Similarly, regional authorities had to break the law and define the procedure for re-execution of lease contracts themselves (it was supposed to be done by federal bodies, not the regional ones), when the federal bodies failed to do this in time. In some situations, due to all these difficulties, companies had to work during certain periods of time without any legal documents justifying their activities.

Another example of laws being observed only to a certain extent was when a number of forest management powers were delegated to the regional level. Due to legislative mistakes (one '*forgot*' to provide financing for forest management in Leningrad Oblast, Koryaksi and Nenetski Autonomous Okrugs), regional bodies could not start executing their powers, so the old forest management bodies had to do the job, despite the fact that it was not legal any more (N).

So, the reform is expected to have a substantial long-term institutional effect, namely development of legal nihilism as the basis of relationships in the forest sector.

Regional Differences

Interviewees emphasize that consequences of the reform differ across the country.

‘Polarization of businesses and regions is unavoidable. In a small number of regions, the situation is likely to become even better than it is now. Some advanced regions with a lot of competent experts will be able to become even better under conditions of more administrative and legal freedom. However, in most other regions, the situation will become even worse.’ (N)

Expected disparities are explained through individual traits of regional leaders:

‘In Khabarovsk Krai, management [administration / authorities] is different. In Primorye, authorities come from criminal circles.’ (P)

Consequences of decentralization and delegation of certain powers to the regions are perceived as ambiguous. One of the reasons for concern is financial disparities between regions (S). Some interviewees are concerned that regions will adopt different models of forest management, and some of them may cut down on forest management expenses and thus leave forests unattended (S).

Conclusion

The focus of the chapter has been on the state (right-hand side of Figure 1) as a major actor in the Russian forest sector, and on the effect that past practices have on the actions of the state today (the top part of Figure 1). The chapter has discussed major incentives, tools, process, costs and expected consequences of the forest reform. The major changes introduced are: decentralisation and liberalisation of forest management systems and the development of market relations in the sector. Introduced measures triggered a process of full-scale commercialisation of the forest sector with the state partly withdrawing its responsibility for environmental protection. Commercialisation of the sector combined with a weak tradition of environmental thinking (forests being perceived as merely an economic resource) and poor control appear to present a challenge to sustainable development of the forest sector. Therefore, during the current period of transition and accumulation of the Russian forest capital, transplantation of international standards and institutions requires particular caution. Because of this, no final conclusions can yet be made about environmental consequences of the reform.

The chapter showed that despite a strong path-dependence of the law-making process, there is room for institutional innovations. Although most departmental documents were written a long time ago and respective norms of forest use became entrenched as everyday practices, a change of formal institutions has started. The analysis has shown that the reform may facilitate a shift from path-dependent to new, often imported institutions (such as 'supreme conditional ownership' (Kirdina, 2008) to private ownership). This change often occurs within the framework of the ongoing transition to the market economy. Despite the persistent 'razdatok' centralised economy, some areas are released from the state control. As Bessonova (2006, 2008) would argue, these are a few areas that represent no interest for the state, and certain liberalization occurs during periods of crisis and deteriorated state capability. At the same time, the emerging environmental shift in legislation is challenged by internal contradictions of the Russian legal system, poor enforcement of rules, ongoing liberalisation of the forest sector and persisting informal institutions. The chapter has provided several examples of coexisting and clashing 'new' (e.g. certification, private systems of tracking timber origin, etc) and 'traditional' (centralised and intransparent system of decision-making; unaccountability of authorities to the local population; perception of forests, etc) institutions as well as inconsistent and non-linear development of the forest sector. It showed how certain innovative institutions introduced by non-state actors are stifled by the state forest policy. The newly developed institutions of free market and imported institutions of sustainable forest management are embedded in a fundamentally different, strongly entrenched system of path-dependent institutions that are based on civil servants as dominant decision-makers.

The chapter has discussed the development of informal institutions, such as legal nihilism as a basis of relationships in the forest sector. It revealed how legislative shortcomings shape common practices and the long-term institutional system. Laws are argued to be inconsistent, too radical and therefore sometimes impossible to implement. Being radical, laws stumble over implementation problems and therefore result in no significant positive change on the ground. Some of the non-state actors admit that they do not acknowledge the legality of state forest policies. All of this facilitates development of neglectful attitude to law and impairs law obedience. Actors therefore turn to informal institutions that could allow them to decrease the

costs. This raises questions about consequences of the reform, extent and quality of actual institutional transformations.

There has been a redistribution of duties and rights amongst participants of the forest sector, with the state retaining its dominant position. The federal authorities have strengthened their position as ultimate decision-makers. The open question remains to what extent such core institutions (as e.g. the institution of supreme conditional property) will be replaced or retained. Are the introduced changes to be interpreted as the crisis of the 'razdatok' economy (Bessonova, 2006), which forced authorities to allow more room for alternative institutions? Is it a sign of a new institutional system? A liberal form of the razdatok economy? Or is it just a temporary retreat of the state to be followed by its full-fledged return later on? There are still signs that the new introduced institutions become embedded into a firm structure of 'traditional' rules and norms, such as the common rules of rule-making in the Russian society and the exceptional position of the state in this regard ('meta set of rules' (Ostrom, 2005)). Privileges and resources are largely distributed through administrative decisions, showing the persistence of the redistributive economy, where the ultimate (and arbitrary) decision maker is a state official.

The above analysis has shown that state and non-state actors have come to bear different 'costs' in the course of the reform. Non-state and the least protected actors pay the highest price. The reform is regarded as a tool to serve private interests of civil servants, who are closely related to big business and real estate development. The applied analytical approach was borrowed from Polterovich (1999), who used the concept 'costs of institutional transformation' to explain 'institutional lock-ins', i.e. persistence of ineffective institutions. The above analysis also corresponds to the framework suggested in (Becker and Ostrom, 1995; Ostrom, 2005): institutional change is explained through the relations between actors, the natural resource, the distributional effects of new (post-reform) rules and their relation to the 'meta-rules'. As the recent experience and enforcement of the recently adopted legislation show, revolutionary measures contradict the path-dependent institutional structure of Russian society (also discussed in Hedlund, 2005; Bessonova, 2006; Kirdina, 2008) and the forest sector in particular. This means that entrenched institutions of the 'prevailing matrix' (Kirdina, 2008: 3) may nullify the effects of the reform, as the

institutional matrix to a significant extent pre-determines the path of the social evolution.

The chapter revealed that there is no consensus among actors concerning the best way of modernization of the forest sector. Legislation designed by state agencies tends to be inconsistent and in parts radical. Non-state interviewees tend to argue in favour of the evolutionary path of development.

CHAPTER SIX: MODEL FORESTS AND FOREST CERTIFICATION

6.1 Model Forests

Model forests in Russia are long-term regional projects *‘aimed at improvement in the quality of forest management and effectiveness of forest use’* and *‘based on partnership and interaction of stakeholders’* (Polozhenie ob..., 2007: 1). Currently, there are five major model forests in Russia: Gassinski model forest (Khabarovsk Krai), Pskov model forest (Pskov Oblast), model forest ‘Priluz’ye’ (Republic of Komi), Kologrivsky model forest (Kostroma Oblast), and Kovdozersky model forest (Murmansk Oblast).

6.1.1 Drivers of model forests

As an interviewee in the North-West of Russia noted, *‘the ones who are really interested in the project are timber companies’* (N). They consider model forests as a tool that may help them *‘to avoid fines imposed by leskhozoes’* when companies attempt to comply with international forestry requirements that may contradict Russian law (P). The special status of model territory gives an *‘opportunity to live according to slightly different laws than everyone else in the forest sector’* and to circumvent Russian law, e.g. to leave behind *‘key habitats’* behind on the logging sites (P).

Some model areas, organised by private companies, serve the purpose of experimenting with forestry methods (e.g., final felling with consideration of environmental factors) and developing intensive forest use techniques (P).

‘In the Soviet time, leskhozoes and lespromkhozoes did not have such model plots on their territories. And now, that the UPM has come, ever more attention is given to this.’ (P)

As the quote indicates, development of model forests is closely related to international companies (UPM in this case) and their entry into the Russian market. In particular, this process is believed to be triggered by *‘certification (in order to conserve biodiversity and use forests in a sustainable way)’* and *‘certain corporate requirements’* (P).

Other stakeholders have also contributed to promotion of model forests in Russia.

‘During the last seven-eight years, WWF approached state structures for the first time with the idea to create a model forest in Pskov Oblast. And at the same time, one launched a model forest project in Komi.’ (N)

New international non-governmental entrants to the Russian forest sector (such as WWF) and newly established Russian NGOs (the Silver Taiga in the case of Komi model forest) have started to play a role with the idea ‘*to demonstrate what an intensive and sustainable forestry in Russia is and how it can be implemented in practice*’ (N).

Interviewees mentioned the initiative of the state only in the case of Gassinski model forest (A, N). There, the idea of model forests was also borrowed from abroad (Canada), where it emerged as a response to campaigns of environmental organisations against destructive forest cutting (A).

‘Does the Model Forest Network help you in any way? They just reimburse our travel expenses to meetings. And apart from this no, it does not help.’ (A)

This quote indicates that the work on model forests is fragmented, and there is little cooperation even between those model forest stakeholders who are supposed to unite the efforts.

Another interviewee describes his experience with a failed model forest project in Chuguyevsky Rayon in the late 1990s: despite availability of foreign funding and participation of local administration and other state agencies, ‘*local companies work with China and are not interested in sustainable forest use*’ (N). Thus, the interviewee suggests that there are actors who do not advocate development of model forests due to certain market conditions and availability of economically more attractive opportunities.

According to the interviewees, the main drivers of model forests are private companies, NGOs, and the state. The efforts of these participating forces are not always combined.

6.1.2 The idea of model forests

Stakeholders have various ideas about model forests, their purposes and potential.

‘This means organising forestry according to Western patterns and going away from Russian requirements.’ (P)

The above quoted interviewee from the European part of Russia perceives model forests as a Russian adaptation of the Scandinavian model of intensive forest use. He notes that ‘Western’ forestry methods are based ‘*on a more democratic approach, on getting profits and minimising expenses*’, whereas the Russian system ‘*has still remained of the Soviet kind*’ (P). It shows the readiness of some stakeholders to make further steps towards market economy and democratisation of society.

A director of a model forest in the Far East described the model forest as ‘*a territory where one tests a management model*’ and where ‘*a managing company has to unite interests of different parties*’ (forest users, game and fishing husbandries, indigenous people, etc) – with an aim to ‘*economically secure everyone working in this region*’, to put an end to illegal activities in the forest and preserve or restore biodiversity (A). The interviewee (A) did not mention techniques of intensive forest use, which may have reflected the irrelevance of Scandinavian forestry technologies in the Far Eastern part of Russia.

The above quotes indicate that opinions vary not only across regions, but also across sectors. Private companies put more emphasis on commercial value and profit-making. However, NGOs also see goals of model forests in making it ‘*viable for business to invest into forest sector*’ and ‘*improve the quality of forests shape the structure of the forest to make it more valuable for timber business*’ (N). Thus, the business-oriented discourse is characteristic for both NGOs and the private sector. NGOs expect model forests to bring new technologies for ‘*intensive sustainable model of forest management*’, including new methods of evaluation of forest resources, methods of economic planning of forest use, logging technologies (N). Representatives of the private sector refer to model forests as a potential ‘*link between science, technology and production*’ (P).

Interviewees (private, state and NGOs) see the goals of model forests in local socio-economic development of communities: ‘*to achieve growth of revenue of local population*’ (A); to provide alternative employment opportunities, e.g. eco-tourism; to provide ‘*social stability*’ (N); ‘*to support settlements financially, and also develop them culturally*’ (P).

An employee of the state-initiated model forest described purposes of the model forest in the following way:

‘The aim of our institute is further education and training in the area of ecology, environmental protection, use of natural resources... <Do you offer any courses on sustainable forestry practices or multipurpose forest use?> Yes, we teach everything that is in the Forest Code.’ (A)

So, the interviewee explained his understanding of the model forest as an institution that offered the same services as Soviet educational institutions. There was a lack of understanding with the interviewee on several issues (such as the example above). The interviewee tried to show compliance with state regulations and adherence to law. However, the interviewee seemed to be not familiar with concepts of international forest management.

Another interviewee described model forests as potentially a form of ‘*green extremism*’:

‘One should not make a single strict reserve (*zapovednik*) out of Primorsky Krai... Of course I support model forests, but one should not overdo it. There are logging techniques that facilitate forest regeneration. Why should we ban forest logging?’ (A)

The interviewee expressed a cautious view on model forests. He perceived them as superfluous and unnecessary as there already are environmentally-friendly forestry methods. Moreover, he noted that existing rules provide guidance for ‘*unconventional logging*’ and, thus, legal framework for sustainable forestry.

‘During the last five years, foresters pillaged the forest under the guise of this unconventional logging. The problem is not bad rules, but that we cannot control their implementation.’ (A)

The interviewee expressed concern that poor law enforcement affected realisation of even most sensible ideas and caused their distortion and abuse in practice which caused his scepticism about the potential of model forests.

A representative of the state sector commented on model forests as follows:

‘In general, it does not comply with our rules... During final felling (*rubki glavnogo polzovaniya*), they usually leave some trees on the site... But this is breakaway from our rules.’ (S)

The quote indicates that model forests are also perceived as a deviation from legitimate rules and as something alien. Thus, the two last quotes show trust in and almost monopolistic legitimacy of state designed regulations.

The head of the Forest Programme of the Amur branch of WWF Russia expressed doubt about the possibility of realization of model forest projects in Russia.

‘Unfortunately, I do not know a single case, at least in the third world, which we are part of, where public participation worked.’ (N)

The interviewee showed disbelief in the future of public participation and democracy in forest management. Moreover, he referred to Gassinski model forest (the only existing official model forest in the Russian Far East) as ‘*merely a feed box (kormushka) for certain circles and organisations*’ (N), namely for academia and researchers. He noted that no significant results have been achieved and nothing new implemented in Gassinski model forest, and the project provided ground only for ‘*para-scientific*’ research projects.

‘Pskov Model Forest is basically a return to the Soviet system, because one introduces rigid regulations again (for example, how far from watercourses one is allowed to cut), but on smaller territories now.’ (P)

This observation of a private-sector interviewee indicates that Russian model forests are considered to be a return to the Soviet-like institutions, namely to excessive regimentation. It shows that model forests may fit well into the available intellectual tradition and the path-dependent institutional system of the forest sector. The historical predominance of top-down forest management, abundant regulations and

existence of ‘model’ structures in various areas of socio-economic life leave their mark on the perception and implementation of model forests in Russia.

6.1.3 Consequences of model forests

New regional regulations have been developed on ‘*re-forestation, logging, improvement cutting, and conservation planning*’, and the legal status of such projects changed, e.g. the Pskov model forest was officially acknowledged at the level of the federal Ministry of Natural Resources (N).

Model forest projects included ‘*inventory checks of flora and fauna*’, ‘*monitoring of biodiversity*’, respective changes in logging practices, and organisation of wildlife reserves, which resulted in improvement in the quality of the forest fund (A).

Various new forms of engagement with the local population have emerged: public hearings, consultations, discussions about what is ‘*important and necessary for them*’ (N), and forest clubs (A).

‘One tries to combine a model of more or less intensive forestry with interests of the local population. To take into account interests of villagers, where they gather berries and pick mushrooms, etc; their requirements to preserve some forests that are valuable for them.’ (N)

The quote indicates that model forests are seen as a framework for consideration of cultural, recreational, ecological and economic interests of the local population.

‘Everyone learned that one cannot conserve biodiversity if there is no united effort (if state forestry bodies and other stakeholders act separately).’ (A)

The above cited interviewee suggests that model forests, in order to reach their goals, require cooperation not only with local population but also importantly with state agencies. How successful have model forests been in developing public participation and building partnerships?

‘The main thing that we failed to achieve was our main goal, namely partnership and public participation in natural resource management.’ (A)

Among the reasons for ‘*failure*,’ interviewees listed the lack of legal mechanisms for public participation and the ‘*Russian mentality*’ (A).

‘Of course, it is difficult for us to understand it. Our thinking (*soznaniye*) is different. For example, when we have public hearings and someone makes a presentation, there are neither debates nor any questions after the presentation... Our people are passive, and everything happens very quietly.’ (P)

The idea of multi-stakeholder natural resource management is believed to be common to international practices but new and alien to the Russian mentality, which complicates the development of model forests in Russia.

Gassinski model forest is said to ‘*have failed to develop the idea of its long-term sustainable existence*’ because its president ‘*controlled the money and did not install a democratic system of model forest management*’ (P). Its participants were pursuing their personal, rather than common interests and ‘*were trying to snatch as much money as possible*’ (P). Strong dependence on irregular funding and eventual lack of financial resources predetermined the outcome of the project: ‘*once they have eaten up the grant, the project was over*’ (N).

Model forests are said to be opposed by the state and ‘*develop only to the extent to which one succeeds to avoid the everyday control of state forestry bodies*’: ‘*Everything that is created under immediate supervision of state forestry bodies perishes.*’ (N). The belief in ‘state capacity’ (Skocpol, 1985) and trust to the state is very low. Civil servants are believed to resist changes: they ‘*do not understand most innovations*’, ‘*are simply not familiar with those things that have been long perceived as a norm in countries with developed forestry – due to their isolation*’ (N), and ‘*hardly understand practical issues*’ (N). Interviewees are concerned that civil servants may ‘*falsify or simplify*’ the idea of model forests and ignore its social or environmental components (N). There is a trend towards ‘*bureaucratisation*’ and unification of the system of model forests in Russia now (A):

‘When a decision was made that the Rosleskhoz would manage the Russian network of model forests, everything started to be assessed according to the same criteria and principles.’ (A)

The state is expected to take an ever bigger part in development of model forests. This is believed to be accompanied by a trend towards ‘*a lot of instructions, guidelines and documents*’, which ‘*leads to nothing good*’ (A).

Overall, despite attempts of different stakeholders to develop model areas, these attempts have remained isolated from each other so far. There is no Russian network of model forests, no joint activity with the international network of model forests (A), but rather only sparse ‘*islands of change*’ with a very uncertain future (P).

6.2 Forest Certification

Box 2. Forest Certification Schemes

Forest Stewardship Council (FSC)	Independent, non-governmental, non-profit organizations established to promote the responsible and sustainable management of the world’s forests through independent third party certification.	Single national standard not required.
Programme for the Endorsement of Forest Certification schemes (PEFC)		A single national standard is required.
Validation of Legal Timber Programme (VLTP), Khabarovsk Krai	Based on the creation of a public-private partnership between the regional Government, audit company SGS as an independent verifier and a local partner (Far Eastern Forest Certification Centre). The VLTP Scheme has been set up separately from the Government and is run by SGS in association with the Far Eastern Forest Certification Centre.	

Source: Author’s compilation based on FSC Russia Official Website, PEFC website, and VLTP website

There are several forest certification schemes⁶⁵ in Russia. Forest certification schemes refer usually to forest management certification or chain of custody (timber legality) certification. Three major schemes are briefly characterised in the table below. The most popular and essentially the only nation-wide scheme in Russia is FSC – with an area of 21.2 million hectares of certified Russian forests in 2008⁶⁶.

6.2.1 Drivers and Perception of Voluntary Forest Certification

As set out in Figure 1, private companies find themselves under the influence of local, national and international actors and processes. What factors and actors in particular drive the change in their policies and introduction of the voluntary forest certification?

‘Western companies started to get certified, and then, on their model, Russian companies started to certify as well.’ (N)

Certification is perceived as an imported Western phenomenon, driven by forces outside Russia. Russian forest sector is developing into a global player and becomes ever more exposed to market-based global institutional pressures.

‘Why does the company need certification at all? - First, we work within a framework of an international company. Previously, we had only domestic, all-Russian significance... Now, we are obliged to comply with requirements of international standards.’ (P)

The quote indicates that there is a growing self-awareness as a part of the international socio-economic system, which implies the need to comply with international standards and requirements.

‘No-one requires certification in the domestic market... Our society is not mature enough yet to ask for certified products.’ (P)

⁶⁵ Forest certification stands for standard-setting, trademark assurance and accreditation services that are provided to companies (that are involved in forest use and management) by third-party organisations. (FSC Russia, Official Website)

⁶⁶ FSC Russia, Official Website

Russian society and consumers are regarded as catching up and only developing towards the stage that some Western counterparts are at.

Certification is believed to be strongly driven by profit-seeking private companies (brand development; reduction of expenses on forestry works) (P). The main idea of certification is described as '*Profit comes first*' (S). The local population is neither involved, nor showing any interest in certification. Market incentives are said to have significantly more power than awareness of ecological problems and environmental values in the Russian forest sector (P).

An interviewee describes his company's work on High Conservation Value Forests in the following way:

'We realised long ago that this work had to be done. And one of requirements of forest certification is this work as well... I do not know whether it would have taken place were it not for the forest certification...' (P)

This shows that companies have started to realise that old approaches have to be replaced and that one needs to carry out modernisation of the private forestry in Russia. At the same time, certification serves as a crucial trigger for changes. Awareness of private companies of the necessity to change shows that established paths of institutional development contain within themselves resources for transformation and off-path organization. However, realization of this potential requires additional economic triggers.

'If there were institutes in Russia that educated competent specialists who would be able to suggest procedures, organize their monitoring and control, etc... then one would not need certification so much.' (P)

Despite their intention to better organise production, companies experience lack of local expertise and therefore turn to certification as an external source of knowledge.

'Certification helps to fight against authorities... We live in a hostile environment. 'We' means timber business and our company. When I say hostile environment, I mean local population and authorities, state officials...' (P)

Thus, certification is also believed to be used as a political tool, a mechanism for negotiations. By means of certification, companies hope to '*build dialogue with authorities*' and '*to avoid functions that are not typical for business, such as maintaining the whole infrastructure of forest settlements*' (P). Certification has a potential to make rules of the game more transparent and thus restrict opportunities for power abuse by civil servants (and their ability to shift social burdens on the private sector). It would not be wrong to say that in this sense, certification helps to ease the transition from the Soviet institutional system to the post-Soviet, more market-oriented system.

'The forest fund is depleted here... So, for instance Terneyles, before they even started certification, switched from clear cuts to partial cuts - purely for economic reasons...' (N)

The above quote of an interviewee from the Far East suggests that requirements of certification meet companies' needs arising from growing scarcity and deterioration of available forest resources. Partial felling allows companies to opt for natural, rather than artificial, forest regeneration and thus cut their expenses. The quote indicates the increasing awareness of companies about the need to change their practices in order to survive.

'Besides, there are quite educated and intelligent people in business. They have a flexible mind, without stereotypes and ready to constant change.' (N)

The interviewee notes that private sector is open to innovation, interested in preservation of forest resources - '*at least more so than forestry civil servants*' (N). Other interviewees (P) note that individual value systems and perceptions of managers provide further incentives for certification: business leaders are aware of environmental problems and are personally interested in responsible and ethical behaviour in the forest.

It is clear that changes of behaviour (and in patterns of forest use) cannot be explained merely in economic terms. The narrow focus of NIE researchers makes them overlook a number of issues related to the interaction of humans and nature, including development of the ecological thinking.

Some major drivers of certification lie outside Russia, in the development of global value chains and branding, oriented towards consumers of Western markets, which are becoming particularly environmentally sensitive. Inside the country the major drivers are the weaknesses of state control over the sector and the growing awareness of the private sector of the need to modernize forest management.

‘It is about the market. The world puts pressure on China to make it buy legal timber. China is our main market... Besides, Dallesprom positions itself as a responsible forest user. Our capitalisation will be higher, for FSC confirms that the company is trustworthy...’ (P)

Certification is regarded as a requirement of the global markets and, thus, as a necessary tool for development of the company and its expansion into other markets. It is expected to become a competitive advantage of the company.

‘Certification is an instrument to prohibit access to markets. They will shout to the whole international community that there is something wrong with our logging operations... It is unfair competition.’ (P)

The above interviewee regards certification not just as a tool of international competitive struggle, but rather as an artificial barrier to foreign markets.

Voluntary forest certification is compared to traditional instruments of state policy.

‘(The audit company) SGS takes upon itself functions of the state now, of the state that does not perform its duties. The standards of VLT are in fact a duplication of forestry regulations. They de facto control whether companies comply with major forestry regulations.’ (N)

Certification is seen as a duplicate of state forestry regulations and laws, but with possibly more effective enforcement mechanisms. Failure of the state to organise effective and sustainable forest management, as well as to enforce existing regulations has caused development of alternative, non-state systems of governance and independent guarantors of a certain level of forest management.

At the same time, unlike traditional state tools of governance, certification is said to be not coercive, *‘not a repressive body, but a tool to improve company’s operations’*

(P). The interviewee (P) describes certification neither as a strict hard law, nor as a repressive mechanism or a punitive institution, but rather as a tool for improvement of the company's output. It is seen as a 'nice-to-have' (to become potentially in the future a 'must-to-have') necessary for business development.

'We got involved in certification in late 1990s. And for many years, this provoked resentment / antagonism of civil servants... However, in 2002-2003, the state started to realise that voluntary certification is good and that it should be developed.' (N)

The interviewee refers to confrontation between the state and NGOs over certification, which, however, appears to have mitigated. There has been an evolution in relations and attitudes, which started from being '*quite tense*' relationships in late 1990s, when '*high-ranking officials would issue circulars with the purpose to simply ban FSC*' (N).

'Only thanks to the circumstance that forest management system is not completely controlled, and the right hand does not know what the left hand is doing, the first attempts of certification became possible.' (N)

So, the interviewee suggests that some institutions become possible only due to disagreeing actions of civil servants and existing gaps in the system of state control.

Another view of the changing state attitude is that once big companies '*that have influence on the federal policy*' engaged in the process of certification, '*position of the Rosleskhoz changed and softened*' (N). A strong incentive for the state to get involved was not to lose '*financial and political control over the forest sector, particularly to NGOs, which were very suspicious and potentially spying organisations*' (N).

Some civil servants at the regional governmental level (S) consider certification as a mechanism '*to bring the sector in order*' (*navesti poryadok*) as it is not obligatory but highly recommended to companies, if they wish to be granted various preferences by state bodies (e.g. government contracts).

'The position of our (regional) government is as follows: if the company is open, it will have a certificate... If you do not have a certificate, it means that you have something to hide.' (S)

The above mentioned regional government perceives certification as an additional instrument of forest management control, and undertakes certain measures to improve state – non-state cooperation. For instance, the government signed an agreement about verification of timber legality with an audit company, in order to create favourable conditions for certification. This example indicates that state and non-state actors are able of dialogue and cooperation in the Russian forest sector. It also shows that some civil servants hope to use certification as a tool to institutionalize practices that they failed to institutionalize with traditional instruments of state governance.

‘There are a lot of people in leskhozoes who realise that it is necessary to bring things in order. Certification is one of the instruments’. (N)

The state is referred to as a multifaceted actor, which consists of different departments and individuals with different incentives. At the local level (the concept of ‘street bureaucracy’ elaborated by Lipsky, 1983), certification is said to often meet understanding. However, due to a high employee turnover at the federal level (e.g., a frequent change of the head of the Federal Forestry Agency) and the consequent inconsistency of federal forest policy, the situation becomes complicated and uncertain (N).

6.2.2 Effects and Challenges of Institutionalising the Forest Sector

Certification is believed to contribute to reduction of environmental impact of logging operations, as well as to engage companies in biodiversity conservation. Companies are expected to carry out ‘*obligatory special investigations*’ of their leased areas and consequently conserve High Conservation Value Forests (N). They are also expected to thoroughly control ‘*collection and proper disposal of oils and fuels*’ at logging sites (P). Some of them design their own, internal control systems in order to ‘*assess the quality of logging operations*’ (P).

The shift towards environmental thinking is said to be particularly noticeable in comparison with the Soviet period, when ‘*the main principle was to harvest as much timber as possible and one never considered the real environmental effects*’ (P).

The process of certification is closely related to new logging technologies that have recently become available to Russian companies. Short-length logging (*sortimentnaya zagotovka*) (being more profitable and less damaging for the forest) has been replacing the old Soviet full-length felling technology / tree-length felling system (*hlystovaya zagotovka*). (P)

‘People have become more responsible... One has become stricter about health and safety (everyone wears helmets and protective trousers now). Besides, last year, there were public hearings in Kotelskiy Rayon. This does not happen at a company that is not certified. This is new... The attitude has changed - it is stricter now.’ (P)

The quote indicates that certification is associated with changes in the social responsibility of companies and their relations with employees and local communities.

While facilitating the process of forest certification, NGOs have been contributing to a ‘*massive capacity building*’ (N), the development of human and professional resources in the forest sector. NGOs have been providing advisory services, preparing textbooks on sustainable forest management, and organising special educational programmes for various target groups.

‘Very soon it became obvious that only Western auditing companies work in Russia: their staff is Western, they know neither Russian legislation, nor Russian reality. They would come here with their own, certified for their company, standards. So, we set ourselves a task to raise a group of national experts on FSC certification.’ (N)

The quote of a representative of a leading NGO indicates that NGOs regard themselves as incubators for home-bred professionals who could modernise the forest sector. There is a clear awareness of the specificity of Russian practices and, therefore, the need to concentrate on domestic human resources.

These new educational institutions in some sense provide an alternative to traditional, state supported ones, because ‘*no institution of higher education in Russia has an official course on sustainable forest management or forest use*’ (N).

Key players in the timber industry undertake environmental commitments and design their own independent systems of verification of legal timber origin. To this end, companies design their own databases and multi-tier control systems (verification of information provided by timber suppliers, comprehensive customs checks, regular on-site inspections of company's contractors/suppliers). Intra-corporate, 'private' systems of control are said to be in no way inferior in their comprehensiveness to their equivalents run by state and regional authorities (P).

'Where it concerns protected areas, we look at two things: officially protected areas and – this is especially relevant for Karelia and Arkhangelsk Oblast – areas that do not have an official status of protected, but are identified as especially valuable by NGOs. We have undertaken a commitment not to carry out any logging operations there.' (P)

The private sector introduces its own standards of sustainable forest management, which, as the quote indicates, tend to be stricter than official state-imposed regulations, and enforces their implementation. Importantly, this system is not a one-way coercion, but a mutual learning process: there is a working feedback system between companies and their contractors / partners (P), which makes the whole system more flexible and viable.

These companies are, in turn, audited by third party organisations. So, the internal, intra-corporate systems of timber tracking, monitoring and control form a global 'private' system of forest management, which in certain aspects becomes an alternative to national state governance.

Certification as Institutionalisation of Common Practices

Interviewees were asked whether they feel that certification has changed their work in any way.

'Well, certification is a nice word. In fact, certification simply implies normal operations of the company within the law and rules of the game... We have been working for thirty years like this and have not thought of any certificates... Now one has simply to restore it... Certification simply makes

us think about what we have forgotten, about the fact that we simply must do these things.’ (P)

The quoted interviewee maintains that most of the ‘innovative’ practices (particularly the ones concerning rights of employees, health and safety) that are required by certification already existed in the Soviet Russia prior to certification, and just need to be restored now. Actual innovations are believed to be only few and concern mostly biodiversity conservation, eco-trails, conservation of different cultural and sacred sites.

Several interviewees noted that certification did not change any practices of their companies, and that changes ‘*were mainly about documents*’ (P). Certification has required companies to officially report ‘*what they have been doing anyway*’ (P), such as setting aside biologically valuable forest plots, plots with wood grouse leks; support to local community etc. This evidence suggests that certification may imply not so much institutional innovations, but rather institutionalisation, formalisation of already existing practices.

Institutionalisation is expected to be beneficial for companies now, in the market economy, as they can capitalise on these practices and make them their competitive advantage (S, P).

The other side of the coin of such certification is that ‘*there is no positive dynamics, as a rule, companies are at the same level we saw them a year ago*’ (P). According to an interviewed auditor (P), regular annual audits of certified companies show that certification fails to trigger any significant changes, and ‘*90% of companies get certified only because of the certificate and are not interested in development as such*’. This means that there is a danger that certification, as it takes place now, will serve as a substitute for actual modernisation of the sector.

Change in Public Participation

Public participation has emerged on the agenda of interviewees. Private companies have started to ‘*share information*’ with NGOs (P), invite them for examination of their leased forests and have become more open to ‘*suggestions about what should be protected and conserved*’ (N).

‘We have a whole list of stakeholders. First, it is companies we work with...
Second, we try to cooperate with NGOs and authorities.’ (P)

The quote shows that the local community is mostly left out of ‘participation’ and is considered as the least significant stakeholder in the process of decision making and forest resource management. Realisation of the imported multi-level governance and public participation paradigm (e.g., Berkhout, Leach and Scoones, 2003) is fundamentally modified in Russia. The role of local agents is played not so much by local population, but rather by locally operating companies and possibly NGOs, if at all.

‘Mostly, it is the heads of local administrations that contact us and ask for help. For example, transport, or to grade the road after a rainy season, etc...
The local population is not very active... We have to make an effort, because all of us are a little bit passive. If you pin up a notice, people will pass by and say ‘What am I to do with this?’’ (P)

This quote partly explains for the above described attitude towards the local population: state organisations remain the most active and interested stakeholders. The local population is passive and does not show particular interest in forest management.

Nevertheless, some companies have started to arrange public hearings for local population, where they discuss geography of their logging operations, preservation of wildlife, hunting, issues of indigenous people, etc (P).

‘It takes a lot of time to explain the company’s goal to the population, because in their understanding, the company’s goal is just timber logging...
They do not understand that forests must be cut, that there have to be sanitary cuttings, and that mature forest has to be cut. So, we have to explain them that when we cut the forest we take into consideration all environmental requirements, etc.’ (P)

As the quote makes clear, timber logging companies and local population have different ideas about forest management and on what environmental practices should be like, which weakens the possibility of their cooperation. The local

population tends to perceive forests as something that ought to be preserved, rather than exploited, whereas private companies attempt to promote the idea of industrial forest use with certain restrictions for reasons of sustainability.

In this situation, forest certification, whilst offering tools of dialogue, may provide a framework for harmonisation of these conflicting discourses. Certification offers a framework that may help to raise the role of the public in forest management. As an attempt to institutionalise the dialogue between stakeholders, certification appears absolutely innovative for the Russian forest sector and may (although with a number of reservations, such as “under favourable socio-economic, political, environmental conditions” or “if successfully combined with the rest of the path-dependent institutional system”) hold potential for further structural institutional changes.

Obstacles and Opposition to Certification

Legislation is considered a major obstacle to the process of certification.

‘In Russia, things change all the time... Our legislation is constantly changing. So, one cannot do anything...’ (P)

Work on the national PEFC standard and FSC related documents have been postponed because of the legislative reform, since requirements of certification have to take into consideration requirements of the national legislation (P).

‘There are of course contradictions between certification standards and our Russian legislation.’ (P)

The interviewee notes that there is a significant gap between requirements of the legislation and certification, e.g. concerning issues of conservation planning, biodiversity, and High Conservation Value Forests (P).

Another interviewee says that ‘*there are still no mechanisms of sustainable forest use*’ in the legislation, ‘*there are only general principles, but no concrete procedures for their implementation*’, so ‘*leskhozoes cannot do anything about it*’ (P). Certain principles of sustainable forest management are declared including the conservation of biological diversity (Article 1 of the Forest Code of the

Russian Federation), however, there are no respective regulatory documents (*normativnye akty*).

There are contradictions between federal legislation and departmental regulatory documents (*vedomstvennye normativnye akty*), such as Harvesting Rules (*Pravila rubok*), Rules for Allocation and Inspection of Felling Sites (*Pravila otvoda I osvidetelstvovaniya lesosek*), Sanitary Rules (*Sanitarnye pravila*), and Rules for Improvement / Thinning Cutting (*Pravila rubok uhoda*):

‘These departmental documents were written only with consideration of harvesting operations, without social or environmental aspects. And since these documents were created long ago, they traditionally did not comply with the federal legislation. But they are traditionally still being used. And leskhozes and fiscal bodies of Rosprirodnadzor require compliance not with the federal legislation, but with governmental bodies’ acts (*podvedomstvennye akty*).’ (N)

In addition to formal institutions (legal instability and inconsistency, contradictions between requirements of legislation and certification), there are other factors hindering certification.

‘Since the FSC is still regarded as a foreign system, and the general direction of our (Russian) policy is mostly to support only national initiatives and nothing international, of course, our life is not particularly easy now.’ (N)

Thus, it is noted that the Russian state system still attempts to remain isolated from Western ideas and closed for influences from abroad, and is opposed to foreign imported institutions, such as certification.

At the same time, an interviewee practitioner points out that it is possible (*‘a semi-legal way’*) for a certifying company *‘to reach a compromise with local authorities’*, i.e. leskhozes, *‘roughly speaking, so that leskhozes do not penalise you for leaving some key habitats behind’* (P). This indicates that the state consists of multiple components and that bureaucracy is heterogenous (as argued by Skocpol, 1985, and Lipsky, 1983). In the case of Russian forestry, the role of ‘street-level bureaucracy’

(Lipsky, 1983) is played by leskhozoes and lesnichestvos (local state forest management units). They make decisions on the ground and may have a different stand towards certification than officials at the regional or federal level.

Another reason for discrepancies between certification and legislation is that *'companies interested in certification are in the minority, and the initiative of these few companies cannot have a significant impact on anything'* (P). According to the interviewee (P), *'the interest of big companies is to sell round wood'* rather than develop sustainable forestry.

The cost of certification is said to be *'very high'* for many companies in Russia because of the amount of necessary changes to be introduced (N). Problems are related to a large number of migrant workers (issues with the social aspect of certification), timber purchasing from dubious sources (in terms of legality) (N, P), lack of experts and effective managers (N), lack of wood processing facilities in some regions (P).

Certification is challenged by the lack of customary practice and *'lack of understanding why it is necessary'* (N).

'One has to change psychology of people... Even if we talk about conservation of key habitats, some forest operators will say 'Why do I need to leave them? I shall rather cut them and take them to my sawmill.' (P)

There is a perception that one *'cannot break the mentality'* and *'accustom workers to order'* – *'they still spill fuel and oil and do not wear helmets'* (P). Change of employees' thinking requires significant effort of companies' management.

The concepts of the forest as an ecosystem and of biodiversity conservation are new for forestry practitioners in Russia. Problems of the forest sector have been considered in terms of reproduction of economic resources (N). Since this mentality is new to companies, realisation of certification may have different consequences from what is expected.

Some interviewees believe that '*certification will fulfil its function only if it is a very rigid system (not a voluntary system)*' (N), i.e. if it is transformed into a mandatory system, similar to state regulations.

'There has to be a national certification scheme. Changes should come from the top.' (S)

In these quotes, interviewees refer to the state as the only actor capable of rectifying the situation in the Russian forest sector. The development of certification in Russia is seen as a battlefield where different frameworks of thinking / intellectual traditions clash. New frameworks of resource management clash with the top-down approach and tradition of mandatory, coercive state enforcement of innovations.

Quality of Certification

Interviewees draw attention to the deteriorating quality of audits, due to the '*dumping of certification*', when '*everything audit companies care about is how to make the certification process easier for their clients, rather than make their clients meet the requirements of the standard*' (N). Less time is allocated for audits, and fewer experts accompany auditors on their field trips, which does not allow a detailed examination of company's activities (N). These changes have been taking place because of increased competition among auditing companies and desire to grasp a bigger share of the market (N).

'The problem is that auditors depend on the companies' money. So, they cannot be objective. This is not an independent assessment anymore.' (N)

Strong material motivation and lack of independent control have become a challenge for certification. Auditing companies '*are after quantity*' and therefore '*certify everything*' (N), i.e. take a biased stand.

'Certification has its advantages and disadvantages... The disadvantage is that good ideas are often falsified / distorted and simply start to be used for one's selfish ends, i.e. certification becomes a source of revenue for someone.' (P)

The above quote indicates that development of forest certification in Russia is seen as commodification⁶⁷ and misuse of the discourse of environmental protection for one's own personal ends.

'NGOs are often passive. They do not want to collaborate with small companies, because in those cases NGOs cannot earn much.' (P)

A representative of an audit company suggests that ecological discourse is also used by NGOs for commercial and selfish purposes. The interviewee describes how NGOs approach the audit company and ask the company '*to put in a word for them*', so that timber companies buy their services (P).

'I think that this situation is also NGOs' fault. If we want a high-quality certification, we need to set our own rules of the game and train auditors...' (N)

It is argued that unless NGOs take a more proactive position, audit companies '*will assess first and foremost existence of procedures in the companies, but not their implementation; they will take the line of the least resistance*' (N). So, major quality-related concerns refer to market-induced problems. One of solutions is seen in a more active civil society and a more inclusive concept of civil society (which reflects the imported modern 'participation' discourse), which could have a role of a third-party control body.

However, changes in the civil society must be accompanied by changing the attitude of the broader population. Individual NGOs are unlikely to considerably improve the situation unless '*the population starts to treat companies more strictly*' (N), i.e. the greater bulk of the population becomes more demanding of companies in terms of the environment and their forestry methods. Insufficient cooperation of stakeholders does not allow fully-fledged modernisation of the forest sector to achieve the goals of certification in full.

⁶⁷ This phenomenon (termed by Lemos and Agrawal (2006) as 'commodification of nature') is regarded as a potential danger of corporate social responsibility and voluntary certification schemes due to their potential incentive to subordinate environmental sustainability to profit (despite their ability to contribute to standard-raising).

6.2.3 Certification versus Other Processes in the Forest Sector

Model Forests versus Certification

Model forests and certification are both processes driven almost without exception by non-state participants of the forest sector. Both of these processes proclaim sustainable forest management as their ultimate goal. Both processes are reinforcing each other. There is a better chance of a model forest being arranged in an area that has already been certified and, thus, a certain basis for sustainable forest management has already been laid. Model forests may contribute to a more effective compliance with requirements of the FSC certification (P, N). A model forest is about obtaining a special status for a certain forest territory, which allows companies to implement forest management techniques that are common outside Russia and, thus, comply with requirements of certification, where it contradicts Russian regulations (P).

Experiences with model forests and voluntary forest certification in Russia demonstrate that results of implanted institutions, including the ones related to participatory natural resource management, are strongly dependent on established practices, political and socio-economic institutions that they are embedded in (the phenomenon referred to in (Vira and Jeffery, 2001) as the ‘political economy of institutional change’). In order for implanted institutions to survive, there need to be concurrent changes of institutions at different levels of social life. As argued in (Conroy et al, 2001), single agencies may not be able to confront established political and socio-economic structures, unless elites are likely to gain from the potential change. At the moment, there appear to be no elites interested in developing democracy in the Russian forest sector. This explains why single efforts of individual activists or NGOs to promote public participation in forest management have failed to bring about any noticeable change so far.

The important role of financial incentives and particularly of foreign funding, in development of voluntary forest certification juxtaposes certification with model forests – also driven by the market and monetary flows from outside of Russia. This distinguishes certification and model forests from traditional mechanisms of forest management that have historically been common in Russia, namely from administrative tools of state pressure and state intervention as a method to introduce innovations.

If one compares obstacles and problems that certification and model forests meet, one will find a number of common issues. First of all, problems that are encountered by participants of both of these processes relate to two stages of these processes: the initial stage, those issues that are decisive for a model forest to be organised or a company to get certified at all; and the development stage, those issues that define the quality of a project or a certificate and whether the initial goals of the projects are reached or not.

Second, the encountered hindrances to model forests and voluntary forest certification are made of both informal and formal institutions. Moreover, these problematic institutions cause difficulties for both processes. Many of these institutions relate to the bureaucratic and legal system in Russia. Other issues include traditional mentality, passive local population, very low level of public interest and participation, low level of understanding the necessity of such projects, lack of belief into possibility of positive change, high economic costs of the projects in the situation of poor state support. Poor quality of certificates and model forest projects is also explained by: the predominance of economic interests (of civil servants, auditing companies, participants of model forests, including academia and local population) over environmental or social ones; low level of (especially long-term) interest of local companies in these projects; the lack of systematic changes (modernisation depends on the local context a lot, takes place only in separate few places and is difficult to export elsewhere).

These issues raise the question about the potential of NGOs to solve problems of sustainable forest management at all. In a situation where initial environmental and social goals of certification are often replaced by short-term economic targets and where model forests take the form of almost random ‘point’ modernisation, one can rightfully wonder whether it is, despite everything, the state that could bring in change? Will there be any other drivers of reform that will be strong enough to overcome the existing hindrances?

State Forest Policy versus Certification

Certification and state (national and regional) forest policy are tightly and unavoidably related to each other. Certification is both a competitor to state governance institutions and a potential tool of the state. Despite the state’s

involvement in certification processes, state and non-state efforts to reform the forest sector nevertheless employ different approaches (state actors applying more coercion methods and administrative intervention) and appear to have different outcomes, first and foremost because of different incentives of state and non-state stakeholders.

Quality of certification depends on forest legislation. At the same time, the state appears to have started to undergo certain changes under the influence of certification schemes, as it needs to be competitive vis-à-vis global non-state players.

Another demonstration of power of the market (and certification as a market tool) can be seen in that certification is essentially not about fundamental forestry innovations, but rather about better enforcement of already (theoretically) accepted forestry principles (which are also elaborated in official state regulations). And so, in some respects, new governance mechanisms in which non-state actors are central prove to deliver better results in facilitating institutional change and sustainable forest management.

6.3 Path-Dependence as a Limitation to Change

Specificity of Russian norms and practices is regarded as a significant obstacle for reforms. This specificity is described in various aspects: differences between Russian and non-Russian forestry traditions (N), after-logging and harvesting techniques (N), forest road building techniques (P).

A common explanation of persisting problems of the Russian forest sector is expressed in terms of '*mentality*', '*self-isolation*' of civil servants (N), '*our own, paradoxical and inconceivable path*' (P).

Perception of Forests and Forest Management

'We always suffer with all our wealth. The vastness of our land has always caused a consumer attitude to forest. Due to such affluence of our resources, we treat nature badly.' (A)

The interviewee believes that the '*abundance of forests*' has caused lack of environmental thinking, a wasteful attitude to forests and extensive model of forest

management in Russia. Perception of and careless attitude to forests are said to be very persistent and difficult to change.

‘They do not understand it and do not need it... You see indifference of everyone around you.’ (P)

The local population tends to be indifferent to problems of forest management, unless it has a direct impact on their lives. Individuals are said to be more concerned with problems of survival and more inclined to spend time working in their kitchen gardens than participate in public hearings (P).

Perception of Law and Governance Regime

A common belief about the law is that ‘*if one works according to all rules, one will never be able to make money*’ (P), i.e. compliance with rules is not regarded obligatory.

Sense of responsibility for one’s own property is said to be lacking, which causes unpreparedness to introduction of private property in the forest sector (P).

One notes the absence of tradition of public participation in forest management and the lack of a democratic tradition. The population has ‘*lost their sense of responsibility*’ (N), are reluctant to get involved in the forest management and are happy to delegate total authority to few individuals. Interviewees refer to this issue both in the Far East (P, A, N) and in the European part of Russia (P).

‘It may be about Russian mentality. People are not used to getting involved in issues of forest use – despite the fact that according to the Constitution forests are property of the whole people who live there.’ (A)

A lack of democracy is found particularly at the level of informal institutions, as certain formal elements of democratic governance are present.

Weak civil society, dominance of the federal level of state management, and high importance of the ‘*administrative vertical*’ (N) affect the style of forest management and implementation of ‘Western’ ideas.

Perception of the Future and Change

There is a sense of future uncertainty, caused also by dependence on natural resources (P). Moreover, there seems to be no belief in the possibility of positive change (P). For instance, interviewed members of an indigenous community (L) expressed their scepticism about the possibility of a new national park.

‘In Russia, it is always this way: you see that there is banditism there, but it is all legal. So, what can you do?’ (N)

The above comment (about contradiction between legality of activities on paper and availability of legal documents and illegality of activities in reality or in essence) reflects the not unusual perception of fatality and impotence to change common practices.

‘Government has control and power to change things.’ (P)

The quote indicates a strong belief that a serious change is likely to come only from the state, not just the individuals.

Working and Business Culture

One interviewee commented on differences in style and quality of work between Finns and Russians:

‘The quality of work is roughly the same. The difference is that when one has a good Russian brigade, they can work two shifts. Generally, Russians do not like to work in the forest a lot: they will work eight hours – and that’s it.’ (P)

Such ‘*idleness*’ is referred to both by Russian and foreign interviewees (P). At the same time, this ‘*idleness*’ is compensated by gumption of Russians (P).

Russians are believed to be characterised by a high propensity for risk and lack of precaution (‘*russkiy avos*’) (P). Russians are believed to have a preference for very short-term planning (P).

‘In Northern Europe, if a contract has been signed, it is a ‘Bible’. In Russia, one has to make contracts for larger amounts (by 15% more) because of the risk of the breach of contracts... Moreover, in Russia, you have to meet face to face.’ (P)

The quote indicates that there is a specific Russian business culture and informal norms - poor enforcement of contracts, low level of trust, importance of personal connections, and a different business model.

‘Our style of management reminds one of an emergency or rush during fire fighting. The Western style of life, management and production is steadier, more predictable and more balanced. They do not rush.’ (P)

The interviewee notes that there is Russian corporate culture, rhythm and style of work that differs from Western counterparts and is characterized by a higher degree of unpredictability and less stability.

The Role of Civil Servants

‘There are very few people who promote innovations. And if there are such people, they encounter such bureaucratic hurdles that... For example, there is a big shot civil servant in a state agency and has a good reputation somewhere. Here comes a lower-ranking official, who works immediately with logging companies and environmental organisations. He says: ‘Let’s change this – it will make things better for everyone.’ But no, he will be stopped for sure. They will tell him: ‘No, *do* keep a low profile! If you don’t, we’ll get rid of you.’’ (P)

Civil servants are described as mostly having a particularly path-dependent, rigid thinking and no incentives to be pro-active in their jobs. The bureaucratic machine is seen as an inert structure that opposes any innovations, which may happen to emerge within this structure.

‘We have still preserved that old perception: You just take a sit in your office and that’s it! One does not need to learn anything new or develop in order to get one’s salary.’ (A)

The quoted representative of an NGO and a state organization notes that civil servants have a very low propensity to learning and innovations. Rigidity of the state bureaucratic machine is believed to be a legacy of the Soviet rule (P) and is said to cause difficulties for private companies.

Other path-dependent institutions include corruption, availability of fake documents, which may potentially make such innovations as certification less valuable (N, P); official red tape; inefficiency of state authorities, which has caused cooperation of business and NGOs (P).

These institutions contribute to the specific 'Russian phenomenon', which implies inter alia: unpredictability of any political, economic or legal changes in Russia (P); and a different implementation of 'Western' ideas.

Conclusion

The chapter analysed actions of major non-state participants of the Russian forest sector (the left-hand side of Figure 1), and particularly the influence of global community (the bottom part of Figure 1). The focus has been on two new processes in post-Soviet forestry: model forests and voluntary forest certification. The changing political, socio-economic and environmental conditions, in a situation with limited state capacity and weak state control over the sector, raise the awareness of actors about the need to change their practices and modernise forest management. A significant role is also played by individual views and value systems of actors. This corresponds to the idea of 'hidden' alternatives of social development and opportunities for path-creation that always exist within society and are available to actors (Crouch and Farrell, 2004). However, mostly, model forests and certification are believed to be driven by global markets, international private companies and NGOs operating in Russia with the aim of bringing Russian forestry into compliance with international standards, transfer certain technologies, and make forestry more sustainable and profitable. This agrees with theories of multi-level governance and 'global citizenship', which suggest a growing influence of the market, expanding role of global consumer community, improving opportunities of civic organizations, and partial erosion of national boundaries (Berkhout, Leach and Scoones, 2003; Edwards, Hulme and Wallace, 1999).

Stakeholders have different ideas about model forests and certification. These views can be roughly classified into three groups. The first group of interviewees considers model forests as the only viable path of development, as an alternative and counterweight to bureaucratization and excessive state regulation. State policies are believed to be carried out by ignorant and incompetent civil servants with rigid thinking.

The second group of interviewees regards model forests as an illegitimate institution, unnecessary duplication of already existing state forestry regulations, or even deviation from legitimate state-designed rules. This allows the drawing of a parallel to studies by Edwards (2001) and Clark (2001), who showed that civil society organizations (demonstrating little accountability and enjoying little trust of local communities) need to be reformed, in order to become more powerful.

The third view can be characterised as approval, but scepticism about the achieved results, viability and potential of model forests. Some interviewees argue that the strong path-dependence of the Russian forest sector threatens to distort the idea of model forests, bureaucratise and transform them into already existing institutions within the framework of top-down forest management. There is a perception that model forests have failed to realize the idea of multi-stakeholder natural resource management and to build partnerships due to entrenched formal (law) and informal (mentality) institutions.

Certification is considered a competitive advantage in the global market; a source of expertise; a tool that allows companies to make dialogue with the state, local populations and NGOs more effective, particularly during the transition from the Soviet to the post-Soviet institutional system. There is an opinion that certification is a tool of unfair competition and an artificial barrier to foreign markets.

Certification is sometimes perceived as institutionalisation, formalisation of common, already existing practices rather than the introduction of significant innovations. Actual innovations are believed to be few and concern mostly biodiversity conservation, eco-trails, conservation of different cultural and socially important sites. There is a concern that such 'formal' certification may substitute actual modernisation of the sector.

Certification is challenged by formal institutions (existing forestry legislation) and informal institutions (customary forestry practices and intellectual tradition, ideas about forestry). The concepts of the forest as an ecosystem and of biodiversity conservation are new to forestry practitioners in Russia. Problems of the forest sector have been considered in terms of reproduction of economic resources. Since this mentality is new to companies, the realisation of certification may have different consequences from those expected.

The quality of certification and its effects on forest management practices in Russia were explored. In comparison to state governance, voluntary forest certification, although being less coercive, is believed to have more effective enforcement mechanisms. Several market-induced issues were revealed, such as deteriorating quality of audits, lack of independent control, and commodification of the discourse of environmental protection. Solutions to these problems are believed to lie in a more inclusive concept of civil society, partnerships and broader participation of population and more effective cooperation of stakeholders, which requires a change in thinking. This corresponds to the theory of 'communicative action' of Habermas (1974), who believed in potential of communicating individuals and 'public sphere' that could counterbalance the state as a monopoly on opinion- and decision-making.

The attitude of the state towards certification and model forests has been changing, from strong confrontation to its acceptance as an additional instrument of forest management control and as a tool to institutionalize practices that were not institutionalized with traditional instruments of state governance. Non-state actors (private companies and NGOs) have been exercising influence on the state policy in this regard.

The state is a multifaceted actor, and the heterogeneity of its bureaucratic apparatus finds reflection in state - non-state interaction concerning certification and model forests. This corresponds to studies of the state as an actor by Skocpol (1985) and Nordlinger (1981).

Model forests and certification are not only institutions competing against institutions of state governance, they are battlefields for competing intellectual traditions: the top-down approach to natural resource management (and belief in the state as the only legitimate and capable actor in the forest management; tradition of mandatory,

coercive state enforcement of innovations) versus democracy and public participation. Some stakeholders are willing to become more engaged in the market economy and democratic society. However, cooperation between stakeholders is weak, and their actions are mostly fragmented and isolated from each other. In this situation, forest certification and model forests, while offering tools of dialogue, may provide frameworks for harmonisation of conflicting discourses. As attempts to institutionalise the dialogue between stakeholders, certification and model forests appear absolutely innovative for the Russian forest sector and may hold potential for further institutional changes.

CHAPTER SEVEN: INTERACTION OF STATE AND NON-STATE ACTORS

7.1 Private Sector and NGOs

7.1.1 Drivers of Change. Why Cooperation?

Perception of Forests

To a great extent, an explanation for NGO-business cooperation can be found in their understanding of forests. Private sector interviewees describe forests as a ‘*special*’ and limited resource that ‘*takes very long to grow, the time of its existence is incomparable to the lifetime of a company or a human*’ (P). Forest has been ‘*savagely exploited in the past*’ (P) and hence is requires special treatment (P). The actual or potential scarcity of forest resources (be it virgin ecosystems or a certain standard of commercial timber) has an effect on how much one can exploit the forest. Interviews with managers of private companies have shown their awareness of the limit to the rapidity with which they can deplete the forest. They do care about nature protection; conservation of valuable forest areas is part of companies' beliefs and ideas (P). They mention that companies voluntarily plant forest, even when they are not obliged to do so by law. They also attempt to address issues of fauna and flora conservation together with other stakeholders, e.g. at public hearings (P). Therefore, NGOs and business explicitly admit that their environmental interests coincide (P, N).

Depletion of Forest Resources

There is evidence that particularly in the North-West of Russia, forest resources have become exhausted (P).

‘Forestry is a child of poverty. So, now companies have started to think about proper forest management. Hence our relationships with companies, even big holding companies, at least with those who understand that they will not profit from pure theft and logging.’ (N)

This quote from a leading NGO indicates that attitude and practices of private companies, as well as their relationship with NGOs are changing. The growing demand for sustainable forest management is regarded as a consequence of depletion of forest resources.

The demand for timber for pulp-and-paper plants is growing, and hence sustainable forestry is needed. NGOs organize dialogue and cooperation mainly with big business and companies that have realized the new reality. They also try to exchange information with companies and raise their awareness about the growing problems.

The need to install sustainable forestry techniques is realised. At the same time, it is admitted that NGOs and companies on their own do not have the resources or power to do this, and cooperation is believed to be necessary. Intervention of the state is seen as absolutely necessary (N).

Incapability of the State

A private sector representative explained that cooperation of NGOs and companies is driven by economic incentives, and *'each party benefits from this interaction'*, since their cooperation allows them to *'put pressure on authorities'* (P).

'If we had more functional and efficient authorities then, certainly, such cooperation with business would not be possible. Adequate authorities would be protecting business, as it happens in many countries. And here [in Russia], things are upside down.' (P)

The quote indicates that cooperation of NGOs and private sector has become possible due to lack of understanding and cooperation with state authorities. Interviewees also express their concern about current inability of the state to carry out necessary intervention and to provide a number of relevant services or resources.

'And if logging requirements are low or unclear, one has to train staff from scratch up to a certain level. This is quite difficult. For instance, how one cuts trees correctly and in an environmentally-friendly manner – state law cannot teach such things. And state forestry bodies cannot teach it either. So, companies have to look for such experience somewhere on the side – either abroad or with NGOs, or to work oneself up to the desired level by means of one's own resources.' (N)

As the preceeding quotes reveal, NGOs and the private sector understand the need for change towards sustainable forestry practices, the need for acquiring new knowledge, skills and teaching sound principles of silviculture. They wish to see the state contributing to modernisation and innovative development of the forest sector. At the same time, they are aware that the state does not have the ability (or the political will) to provide the necessary resources at the moment. Hence, they resort to cooperation with each other (NGOs or business respectively) as the only viable option.

'Now, a very common situation is that it is possible to come to terms with business. Their interests are clear. And their requirements are clear. It is clear whether there is a real conflict of interests or they bluff. One can talk it over and discuss. It is far easier than talking to the Rosleskhoz.' (N)

The above NGO interviewee also admits that dialogue with business is much easier than with civil servants, and their relationships (unlike relationships with state organisations) are more transparent and open.

Commercial Interests

NGOs all over Russia have difficulties with sponsorship, so they need to work more with business, e.g. by offering their consulting services (N). One of interviewed researchers renders consulting services to timber companies. An interviewed director of a regional NGO is also employed by a non-profit organization offering certification services.

Private companies also have their own particular interests in joint projects and good relationships with NGOs. Business often supports NGO activities for the latter advocate changes that are economically beneficial for private companies (P). Thus, conservation of key biotopes implies that companies will have the right not to cut unmerchantable trees (dead, doty etc trees), as well as not to carry out logging operations in water-logged areas, etc (N). NGOs help private companies oppose the state bureaucracy, so sometimes they form alliances, e.g. during their work on the Harvesting Rules, NGOs and private companies advocated the same position concerning biodiversity (N).

'It is high time to unite and all together put pressure on the state, although it is better to put pressure at the international level. Segezha pulp-and-paper plant initiates a case against the state, attempts to push the state, send information to Markovsky [an NGO], who forwards the information to international organisations.' (P)

NGOs and business cooperate against abuse from state officials, particularly in cases when officials break the law. Thus, another interviewee (P) said that '*civil society is necessary in order to help put pressure on the authorities*' and described a situation when a leskhoz (state-owned) carried out illegal logging on the lease of a private company and the company cooperated with a leading NGO to resolve the situation (2005).

Moreover, companies are interested in cooperation, since they experience deficit of experts and knowledge in certain areas (sustainable forest management, conservation of biodiversity), which NGOs can help them with (P, N).

Certification has been a strong incentive for NGO-business cooperation (P). Timber companies in the Far East are interested in cooperation with NGOs because they need someone to carry out research work as part of their certification process, i.e. to identify high conservation value forests, key biotopes, etc, of which there are plenty in the Far East. Besides, there are indigenous peoples in the Far East, and companies need NGOs to help them negotiate with those communities (N, P).

'SGS, being a private company, needs to earn money. In order to earn money, they need clients. In order to get more clients, they need to put pressure on timber companies, so that those companies decide to get this certificate. And it is us who put pressure on timber companies, so we are together in this situation.' (N)

Thus, NGOs and audit companies also have a common interest in popularising forest certification. Moreover, big companies that work with environmentally sensitive foreign markets and need to prove legality of their products are willing to cooperate with NGOs regarding systems of timber origin control. Good relationships with NGOs are also used as a means to retain a positive image of the company (N). Business agrees to cooperate in order to avoid undesirable,

negative publicity, by means of which NGOs attempt to exercise pressure on the private sector in negotiations (P, N).

International Context

The project Pskov Model Forest perhaps would not be possible if it were not for the support of SIDA (Swedish International Development Cooperation Agency), to whom the initiative is said to belong. The Agency invested in the project, and has various training schemes for participants of the Russian forest sector. According to a private sector interviewee, SIDA were interested in testing Scandinavian forestry technologies in Russia, and so these forces outside of Russia facilitated interaction of business and NGO sectors in Russia.

Sometimes, international companies operating in Russia bring in their connections with foreign and international NGOs as well. Thus, one of the foreign companies operating in Russia organised a project on HCVPs identification in their leased forests in Karelia and Leningrad Oblast. To that end, the company invited a Swedish NGO, who suggested their methods (P).

7.1.2 Forms of Private Sector - NGO Interaction

There are different models and forms of cooperation and interaction of private and non-governmental organisations. They include both formal agreements about cooperation (e.g. between WWF Far East and Primorsky GOK) and cooperation without any formal agreements (e.g. between WWF Far East and Terneyles). Several areas of NGO–private sector interaction are discussed below.

a) Protected Nature Areas

As a result of business-NGO cooperation, some forests are given the status of Specially Protected Forest Areas. Companies have started to invest in stock-taking of HCVPs, for which they hire NGOs (e.g. SPOK and Greenforest in Karelia work with Stora Enso, Segezhskiy pulp-and-paper-plant and UPM; the NGO Silver Taiga work with Swedwood in Karelia, as well as with Mondi Business Paper in Komi).

With regard to conservation of old-growth forests, in 2008, the NGO SPOK signed agreements concerning conservation of the biggest Western old-growth woodlands in

Europe with JSC Karellesprom and JSC Muyezerzsky lespromkhoz. The preserved territories are supposed to become wildlife reserves and a nature sanctuary (N). In the course of negotiations with a leading NGO, the biggest company in the Far East agreed to stop cleaning cutting in HCVFs (N).

Companies have begun to comply not only with national and regional legislation on protected areas, but also with non-official recommendations of certain NGOs (P). This is especially true for Karelia and Arkhangelsk Oblast which are areas of particularly intense activities of such NGOs as Greenpeace and SPOK. Thus, there is an agreement between Greenpeace and Solombalales concerning preservation and possible use of a low-disturbed forest area in Arkhangelsk Oblast within the leased territory of Boretsky and Konetsgorsky lespromkhozes in 2008-2009. Another company made an (informal) commitment to refuse from any logging operations in the areas that were recognised as particularly valuable by NGOs (P).

b) Intensive Forest Management

The dialogue between the NGO sector and business is also aimed at developing mechanisms of sustainable forest management for intensively exploited forests. A famous example of realisation of this goal, the Pskov Model Forest project, was initiated by the WWF. Among partners and active participants of the project have been Russian state agencies and organisations, including the Ministry of Natural Resources of the Russian Federation, Administration of Pskov Oblast, Administration of Strugo-Krasnensky District of Pskov Region, Forestry Agency for Pskov Oblast, Northwest Forest Inventory Enterprise, and St. Petersburg Forestry Research Institute, but also the Swedish International Development Cooperation Agency, and the private company Stora Enso Oyj.

Despite the different motivation of actors involved, a combination of skilled and determined people, a shared interest in sustainability, as well as financial resources, allowed the organisation of one of the most successful projects in sustainable forestry in Russia (N, P).

c) Voluntary Forest Certification

Often, companies do not have sufficient knowledge of certification standards and requirements, so they invite NGOs to help them prepare documentation for certification (P). NGOs organise seminars, trainings (covering environmental and social aspects of certification), and study tours to neighbouring countries. Some NGOs offer financial support for certification (P).

NGOs aim not only to push companies to FSC certification, but also to monitor and ensure better quality of those certificates (N). Since NGOs are not always satisfied with the quality of issued certificates, they try to make private companies play according to their rules of the game, also through their consultations with audit companies, as well as with Accreditation Services International (ASI), who check the quality of FSC certification bodies (N). Besides, NGOs attempt to monitor the certification process and participate as observers and local experts to help the auditors, since they have a deeper knowledge of local realities than invited external auditors (N, P).

Moreover, NGOs work on regional certification standards (N), since the relevant Russian legislation does not elaborate biodiversity conservation well enough.⁶⁸

68 The only exception is the Komi Republic, where it was the republican authorities (rather than private companies or NGOs) who financed stock-taking of virgin forests (N).

'The Silver Taiga [a regional NGO in Komi] has had a massive impact on them. And people are more independent there. And the company, which is a monopoly there, also offered a strong support. All factors were in favour of such situation there. This does not happen in other regions though' (N).

All interviewees who mentioned the Komi case characterised the situation there as exceptional and most successful. The Silver Taiga is referred to as a very strong organisation at the regional level, which manages to achieve extraordinary results mostly due to '*much more adequate and receptive regional forest authorities*' (N). Another reason of the Komi's success is believed to be the NGO's approach to their dialogue with authorities. The Silver Taiga is '*consistently constructive*' and lacks any extremism in its methods. It attempts to establish cooperation and a fruitful dialogue, not war, and hence needs to be agreeable to compromises. One of its significant accomplishments is a legal (i.e. prescribed by regional law) mechanism that allows the preservation of virgin forests (N).

d) Tracking Timber Origin. Other areas of Cooperation

Big business and NGOs cooperate to combat illegal logging. NGOs carry out research about timber and forest product markets, trade, global supply and value chains, and major market players, both national and international, and use such reports to put pressure on foreign retail companies that are involved in dealing with illegal timber (N).

Metsaliitto maintains regular contacts with such NGOs as the Baltic Fund for Nature, SPOK, the Kola Division of the Biodiversity Conservation Centre, Greenpeace, WWF, and Green Cross: NGOs that are active in the regions where the company purchases timber from. They have meetings several times a year. In 2007, they launched a project of Karelia zoning (depending on how likely particular areas are to be source of illegal timber for export) (P).

WWF has been working to provide recommendations for official authorities and companies concerning timber origin tracking (*'since the Forest Code did not provide a firm legal basis for eradication of illegal timber trade'* (N)).

Another example of successful NGO-business cooperation is partnership WWF-IKEA in the Jewish Autonomous Oblast': financing of anti-poaching activities and measures against forest violations.

Among other commonly undertaken activities are: exchange of information concerning developments in the forest sector in Russia and abroad (a particular role being played by Greenpeace Russia); agreements on reduction of cedar export (WWF and Terneyles); work on the issues of indigenous peoples (Dallesprom and the regional Association of indigenous peoples); joint work on landscape planning, development of non-timber forest use projects (WWF).

This case is just another demonstration of the typical situation, where private companies and NGOs are on the one side of the 'field', and the state on the other. The Komi case is believed to demonstrate the potential (although yet hardly realized in Russia) of NGOs to exercise a significant impact (under other favourable conditions) on the state.

7.1.3 Challenges of Private Sector - NGO Cooperation

Conflict of Interests: Profit vs Environmental Protection

Relationships between NGOs and private companies are not without tensions and disagreements. Obvious reasons for this are personal conflicts and the circumstance that companies are happy to cooperate and comply with environmental requirements of certification and NGOs except situations where their economic interests are jeopardised (N).

'Our relationships with the WWF are neither good nor bad. WWF want to help us but in a strange way. They say 'Let us make an HCVF for you'. But we work only in virgin forests... Those HCVFs were marked according to the map of Greenpeace, based on subjective data, on satellite data. However, in reality, no one knows what real value those forests have... WWF make strange suggestions. There is a suspicion that they spy. At the moment, companies fight for forest land. And there is a constant process of information collection going on – about quality of the forest in different areas. Forest in the West [of Russia] has all been distributed. It is Siberia and the Far East that are now left.' (P)

The quote reflects scepticism, suspicion and lack of trust of private companies towards NGOs, doubts about potential benefits of cooperation with them, as well as reluctance to cooperate because of companies' commercial interests (e.g. debates about HCVFs). In this particular case, the interviewee had worked together with international organisations previously, and his mistrust towards an NGO did not appear to be related to the fact that the NGO is international, but rather seemed related to generally the low level of trust and widely spread informal practices in Russian society.

In certain situations that I witnessed during my fieldwork, NGO-business conflicts resemble merely a fight for resources and territories. The discourse of environmental or social protection is used as a tool in a conflict over material resources or personal benefits (N, P).

Mechanisms of Interaction

According to a representative of the private sector, '*there are no adequate mechanisms*' of systematic stakeholders' interaction. NGOs are said to be biased and trying to shift all responsibility for forest management onto the private sector. An interviewee from the private sector argued that NGOs often present legal logging operations as illegal, in order to preserve those areas as HCVPs. The interviewee emphasized that the only existing mechanism to organize interaction is agreements between companies and environmental NGOs. These agreements concern mainly HCVPs, areas of forest lease surrendered by companies (areas that cease to be counted as part of annual allowable cut) and monitoring process.

Criticism of NGOs by Private Sector

Timber companies are not always satisfied with the work of NGOs due to environmental NGOs' small numbers, few professional human resources, poor accountability, and low activity (P). NGOs are believed to be essentially business oriented structures and pursue their own financial interests (P).

'I am not saying NGOs are a bad thing. But I have seen how some NGOs present things in the media...' (P)

Private sector interviewees show disrespect and lack of trust to some NGOs, and acknowledge resource limits of others (P).

Another criticism is that NGOs tend to work only with big companies, since they are interested in providing services for those companies, so they are looking only for solvent partners. NGOs ask audit companies '*to drop a word for them*' and help them get contracts with timber companies (P). NGOs prefer to work with big business, rather than small companies (because it would be too labourious for one NGO to negotiate with each and every small company (there were about 70 forest leaseholders in early 2007 in Karelia); and it appears more important to preserve first and foremost large old-growth areas) (concerning negotiations about preservation of old-growth

forests) (N). In other words, the transaction costs⁶⁹ of cooperation with small companies are too high for existing NGOs, and there are no mechanisms that allow reduction of these costs at the moment.

Initially, it was big international, foreign companies that offered support and started cooperation with NGOs. Decisions about such cooperation projects were made by their non-Russian top-management (P). Later on, Russian companies also began to get involved in similar projects, e.g. Investlesprom, Primorsky GOK, etc. This may have contributed to a more active cooperation of NGOs with big business.

Criticism of Private Sector by NGOs

Practices of big companies, especially international big companies are a matter of concern of some NGOs.

‘They demand that we explain everything to them. But there are certain apriori things about nature: sometimes, it is simply necessary to preserve certain areas and that’s it. But they want everything to be explained to them, why this or that tiny bit of forest land has to be preserved.’ (N)

It is pointed out that companies and NGOs may not share the same ideas about sustainability and forest conservation. NGOs find the process of negotiations with such companies harder.

Moreover, local domestic companies are said to differ from international ones in their work ethics (N). It is argued that foreign companies operate in accordance with their revenue goals, rather than conditions of particular territories or welfare of the local population. The interviewee expresses the assumption that Russian companies will become similar to international ones later on, i.e. abandon the ‘*personal approach*’ in solving environmental and social problems that they used to have while their managers lived close to operation sites. Companies are

⁶⁹ For foundations of the transaction costs theory see Williamson, 1979; Carroll and Teece, 1999.

growing and thus losing their personification. Decision-making is moving to top levels, i.e. regional social issues lose their importance (N).

Besides, Russian NGOs do not necessarily agree with Western European techniques and methods of forest conservation (promoted by foreign companies), e.g. the concept of key biotopes, since there is no unanimous position among scientists on this issue (N).

So, there are different perspectives on cooperation of NGOs with big business. On the one hand, NGOs are criticised for being profit-seeking while picking only big companies as their partners. On the other hand, big companies appear more problematic than smaller local companies in certain respects and hence require attention of NGOs.

NGOs express their concern about auditor's work, namely the dumping of forest certification: *'audit companies think about how they can make it easier for their client to get a certificate, rather than their client complying with the standard'* (N). However, such conflicts tend to be resolved quickly, since NGOs and audit companies have a common interest, namely growth of forest certification.

7.1.4 Consequences of Private Sector - NGO Interaction

Variety of Perspectives

One cannot assess the achieved results of business-NGO interaction as single-valued. Participants evaluate the nature and extent of NGO impact on business behaviour differently and not univocally. Some representatives of the private sector insist that NGOs have no influence on business, and it is only market forces that matter for decision-making (P).

'It is difficult to change everything in such a short period of time... It is difficult to call companies to wildlife preservation now, for their main concern now [reform and post-reform period] is survival.' (N)

The quote shows that NGOs are aware of their limited ability to introduce significant changes at present.

However, some private sector interviewees perceive civil society as a source of positive future transformation and see great potential in cooperation with NGOs.

Perspectives of NGOs

'Even in the case of Terneyles [a strong conflict between environmental and economic interests], there is some movement and some discussion, there are some agreements that one generally follows. This activity pays off. At the same time, when we talk to Rosleskhoz, it is similar to a black hole where everything disappears.' (N)

The quoted NGO interviewee expressed positive expectations concerning cooperation with companies, particularly because their interaction with the private sector looks more fruitful than with the state. The Terneyles company in the Far East of Russia is widely known for environmental modernisation of its policies. They adopted a Programme for implementation of environmental policy for sustainable forest management in 2003 in order to guarantee timber legality, transparency of policies and operations, preservation of HCVPs, and to comply with international principles of sustainable forest management.

Furthermore, there is a feeling that the case of Terneyles is not an exception, but rather a beginning of a new trend (N). Companies increasingly engage in forest certification and develop cooperation with NGOs. When being interviewed, a representative of the WWF confidently expressed his determination to sign an agreement with Tyndales company concerning HCVPs. WWF supplied the company with an update on intact forest landscapes for the company's lease. Several other companies (also going through forest certification) were mentioned as very likely to expand their cooperation with WWF and make concrete commitments to preserve HCVPs and key biotopes (N).

The evidence that the situation is gradually improving comes not only from the Russian Far East (see N above), but also from the North-West. Muyezerky lespromkhoz (North-West) (which used to have significant old-growth forests as part of their lease and carried out logging operations there) has been acquired by the holding Investlesprom, which caused their practices to change, and Karelian subsidiaries of the holding company declared their environmental policies. There is

evidence that companies are converting their lease containing old-growth forests into specially protected natural areas (N).

According to an NGO representative, thanks to ecological education, the attitude of companies towards NGOs immensely changed in the course of the last ten to fifteen years. If one compares the current discourse of major NGOs to that of some representatives of big forest business, they are very similar.

Despite optimism, results of the current NGO-business interaction and prospects for the future are highly uncertain and depend on several factors. The result of this or that particular project is predetermined to a great extent by particular people involved. Thus, during one of forest certification seminars, the message of an NGO representative to the company's staff was that a certified company has to, first and foremost, satisfy the requirements of their auditor, i.e., on the one hand, their discourse has to be no different from the discourse of an environmental NGO (in the vein '*Nature is our temple*'). However, on the other hand, the NGO representative carried on as follows: '*There is no single truth. There are different discourses, but no one knows what is right and what is the best way to preserve forests.*' The message of the seminar was 'try to make the auditor happy, you do not need to be excessively environmentally-friendly, you just need to have prescribed procedures on paper and to comply with some basic requirements'. This makes me assume that the real effect of such cooperation is not going to be much more than some extra paperwork, rather than real change of people's way of thinking.

As to cooperation with companies abroad, interaction is not always smooth and easy to build. Some NGO representatives in the Far East regret that their contacts with retail companies in the US are not sufficient. They complain about American companies being unwilling to cooperate and not replying to NGO's requests.

Multi-Stakeholder Process and Role of the State

A crucial factor that contributes to NGO-business interaction failure or success is behaviour and the stand of the Russian state. The role of the state makes some interviewees (P) view preservation of old-growth forests with scepticism: a company (Swedwood) may surrender part of its leased forest territory as a high conservation value forest, so that the area is not exploited for logging any more. However, the same

territory may be later leased out to another company (Uhtales company), which will cut the forest. In such situations, the role of NGOs is limited.

‘There should be interaction of companies, environmental organisations, constituent entities of the Russian Federation and Rosprirodnadzor.’ (P)

Instances of logging on specially set-aside and surrendered for reserves areas were described by NGOs as well, who point at state bodies, such as Rosleskhoz, and their private interests as responsible for such violations. Another demonstration of the key role of the state in mediating business-NGO relations is combat against illegal logging. NGOs recognise their own limits in forest control and their inability to fully replace the state.

‘And when we supported the anti-poaching team and when later on we supported the team “Panther” together with Rosprirodnadzor in Primorsky Krai, the idea was to demonstrate how one can, while successfully using mobile teams and working systematically, significantly bring down or totally put an end to illegal logging. We have demonstrated it to the state. The state, however, does not want to put this experience into service.’ (N)

The above quote indicates that: first, stakeholders see the need for cooperation with other players; and second, that without a strong state support and active participation of state bodies, attempts of business and NGOs to solve problems related to illegal activities in the forest and conservation of valuable forest resources are bound to generally fail. Even if such joint projects do succeed, then they do so only at a local level and do not eradicate the root of the problems. The currently achieved results of such business-NGO cooperation are not sustainable, simply because the non-state actors do not have resources, authority or capacity to maintain their work in the long run. Moreover, their cooperation only becomes possible at all under the condition of active state participation in such projects⁷⁰.

⁷⁰ The understanding that the key to sound forest management may lie in the multi-stakeholder process and sustainable partnerships (for such approach allows for a realistic evaluation of one’s capacities, as well as for monitoring of the progress through criticism, exchange and mutual learning) to some extent reflects recent world-wide trends of changing governance, in particular what has been referred to as

'One has to protect nature, this is for sure. However, it is also necessary that the state started to change. Our company cannot solve everyone's problems.'

(P)

With such words, the interviewee (P) refers to the situations when companies are given forest areas for lease that include valuable territories and are protected by NGOs. In such situations, companies are between the devil and the deep blue sea: they have to leave those areas untouched, but at the same time, comply with official regulations and cut those forests. State support and good coordination of state and non-state activities are seen as crucial for private companies. The interviewee (P) explicitly notes that if there were state support, the process of change would have been much quicker. He emphasizes that participation of official authorities on certain NGO-business projects serves as another impulse for companies to participate, since it can speed up a number of processes. This happened during the project 'Identification of forests of high biological value' which combined the Baltic Fund for Nature and Swedish Forestry Agency and the private company Metsaliitto, as well as the Administration of Leningrad Oblast.

'deep democracy' (Appadurai, 2001). The concept of *'deep democracy'* is based on *'inclusion'*, *'participation'*, *'transparency'*, and is used to describe a phenomenon of *'globalisation from below'*. Appadurai applies this concept to the issue of poverty in urban areas. He argues that this issue may be solved through partnerships of local communities with governments and international agencies, and local efforts to build international networks or coalitions. The situation in the Russian forest sector is similar to the case described by Appadurai in the sense that a number of local or regional actors attempt to engage in partnerships with more powerful international, multilateral and official state agencies. However, it appears that these horizontal movements are still poorly bound to broad local communities. The local population (e.g. who live in forest settlements) are not actively engaged in this *'inclusive democracy'*. The role of local community (whose capability is improving and performance becomes more powerful) in these partnerships is mostly played by private companies and very few local/regional NGOs.

7.2 Private Sector and the State⁷¹

7.2.1 Nature and Forms of Private Sector - State Interaction

The term ‘state’ is usually associated with various state bodies and civil servants. It often replaces the term ‘government’. In this latter meaning of the state, business-state interaction is perceived by interviewees differently, which we shall demonstrate below.

Cooperation between private sector and the state

Cooperation of state bodies and private organisations has different forms and aspects. A state official described business-state relationships as cooperation in the areas of fire fighting (funded both by the state and companies), forest certification and verification of timber legality (there is an agreement between the regional government of Khabarovsk Krai and an auditing company) (S). There is an agreement between the government of Khabarovsk Krai and a private company about public-private partnership with the aim of building a pulp-and-paper plant and facilities to process logging residues (S, P). State bodies (militia and leskhozoes) and private companies organise joint control raids and check points against illegal loggers (P).

For some forestry operations, private companies hire state leskhozoes as contractors (as they have the necessary equipment) (S, P). There are often close ties between them at the personal, individual level, as many employees of private companies used to work for (state) leskhozoes before (P).

Perhaps the most significant part of state-business cooperation is the so called ‘social block’, i.e. additional ‘social duties’ of business. They mainly consist in companies’ providing financial support to local population and maintaining local infrastructure. Usually it is the supply of fire wood at lower prices or for free, monetary support depending on the size of logging operations, maintenance, renovation and support of churches, hospitals, roads, housing and public utilities, schools, hospitals and sports facilities, bridges, supply of transport for local schools, accommodation construction

⁷¹ Due to difficulties of getting an agreement of state officials to give an interview, most information in this chapter has been retrieved from interviews with representatives of private companies and NGOs.

support to the local population, creation of additional jobs, support of the local association of indigenous peoples (together with the regional government), help for employees to upgrade their professional knowledge (e.g. through modern equipment and training) and other forms of social help and donations. For example, local administration can ask a company to clear a dumping site (P). Basically, the private sector has been partly replacing local authorities in their social and economic functions.

This tradition, namely that private companies play an additional socio-economic role, goes back to the Soviet time, especially in cases when companies were ‘*town-forming*’ (i.e. principal employer and mainstay of the entire area). At that time, companies would build and maintain whole settlements for their employees (P). According to one of interviewees (director of a now private and previously state lespromkhoz), in the Soviet time until the early 1990s, all social infrastructure for 1200 employees of the lespromkhoz (currently only 200 employees) was maintained by the lespromkhoz, including an electrical power station, a boiler house, water supply, repair and construction site, all accommodation, etc. Now, this infrastructure belongs to the administration of the settlement. However, today, the state is often incapable of providing these services (the situation comparable to the one described as weak ‘state capacity’ by Skocpol, 1985).

‘Local people approach our company in the first place, because when they approach the local administration all they can offer is their own chair and a desk...’ (P)

If one looks further back into Russian history, one finds more parallels and discovers that the social responsibility of private companies is just a modern form of the traditional Russian institution of obligatory labour, termed by Bessonova (2006) as ‘service work’ (*sluzhebny trud*).

‘In 2000, we won the second prize in the nomination ‘Companies of high social effectiveness’ in the section ‘Salaries and social payments’.’ (P)

Support of social infrastructure still plays a significant role for some Russian companies today, who take pride in it.

Naturally, most private companies try to get rid of such additional obligations, for economic reasons (P). However, they still carry out a number of responsibilities in return for good relationships with and support from local authorities. As some interviewees note (P), such state support is particularly vital for foreign companies operating in Russia: *'Without governmental support, a foreign company cannot do anything'*, so they need to work with the government *'as one team'*. It is also a method of solving local conflicts, e.g. with an indigenous population (through the intermediary of local authorities) (P). The amount and nature of such social responsibilities of companies varies and depends on the results of negotiations and agreements with local authorities (S).

Another direction of state–business cooperation is ecological education and support of local / indigenous cultures. For instance, in Leningrad Oblast a private company jointly with administration of a settlement intends to organise a museum of Vepsian culture [indigenous people of the area], as well as an ecological trail and a school tree farm (the latter in collaboration with several other private lease holders of the area) (P).

According to a number of interviewees, business seeks active cooperation in environmental issues from the state (e.g. activities aimed at forest protection or preservation of key biotopes), whereas the state attempts to minimise it (or at least minimise involvement and efforts of state officials) (P).

In many cases, 'state support' to a project implies not material or financial support, but rather a permission to realise that particular project (P).

Moreover, as examples of successful cooperation show (e.g. transition from clear cuts to increment thinning and joint (company and leskhoz) testing of new techniques), only significant deterioration of economic conditions (e.g. deficit of forest resources) is likely to change the attitude of state employees and make them willing to cooperate (P).

Coercion and Confrontation

State-business relations are also perceived as coercion of business by the state. Leskhozoes are certainly referred to as controlling bodies, as they fine companies for violations of forest legislation (P).

‘Now, there is a question whether we shall build a pulp-and-paper plant or not. But now, there is pressure from the governor, for the president has extended his term under condition that he finishes what he has begun, including the pulp-and-paper plant.’ (P)

The quoted interviewee feels the pressure from regional authorities and their intervention into company’s strategic decisions for political reasons. This situation has become possible due to a strong administrative hierarchy and undemocratic governance regime.

Interviews reveal that power position of business is still weak if compared with the state (N). Particularly, one notes a difference between Russian and foreign companies operating in Russia, in their potential negotiating power with the state as foreign companies have a smaller chance to have an impact on state decisions (P).

Business-state relations are also perceived as antagonism and struggle. Thus, one interviewee notes that their company ‘*pays fines for complying with laws on environmental protection, Convention on Biological Diversity, etc*’ (P). The company’s behaviour is described as resistance to the state and compliance with their own ethical and economic principles.

‘The time has come [now that 2/3 of Karelian forests are in private lease of big lessees] for all of us together to put pressure on the state. Although it is better to put pressure at the international level [through international networks of NGOs].’ (P)

The interviewee gives an example of a situation that took place in 2005: Segezha pulp-and-paper plant wrote an open letter to Karelian Forestry Agency about a leskhoz that illegally cut wood in the area leased by the pulp-and-paper plant. The letter caused a grave scandal, Moscow officials visited Karelia, carried out an inspection and confirmed the fact of illegal logging by a leskhoz. Illegal operations

stopped, but no-one was penalised. In 2006, six instances of illegal logging were revealed and two criminal cases opened. However, state bodies are said to be uninterested as such cases are evidence of defects in their work.

‘When I talk to timber industrialists, they perceive it all – the Forest Code, export fees etc – as a raider attack on the scale of the whole country. Many companies go bankrupt now. There no investors, they have no money. So, someone will just buy those companies...’ (N)

The quote shows that the state is associated with illegal activities and private interests of state officials or associated stakeholders. Moreover, lease contracts (which are written by the Forestry Agency) are said to include ‘*lots of illegal*’ clauses about obligations of lessees.

It is argued that companies operate ‘*in a hostile environment*’ (P). This environment includes local population and state authorities. Companies say that they need ‘*to fight state officials*’, who attempt to impose too many obligations (such as various social responsibilities) on them.

Informal Interaction

Interaction of private sector and state bodies is said to often have an informal or semi-legal nature. For instance, parties come to informal agreements and compromises (at the local level) in the situation of certification (where requirements of certification contradict official regulations) (P, N) or while dealing with issues of model forests (P). It is noted that local / regional officials and companies have to negotiate and reach informal compromises because of existing faults of the legislation.

An NGO representative makes an assumption that private auditors and the process of voluntary certification have a bigger influence on business, for state bodies are easier to bribe than private auditing companies. The reasons for this are that employees of leskhozoes have much smaller salaries in comparison to auditors, they tend to suffer from alcohol addiction and also each forester is in charge of a very large forest area that he is simply physically not able to control.

Informal personal relations matter also for allocation of forest leases (P, N) and may take the form of a strong lobby and corruption (e.g. to replace felling licences with felling declarations) (P).

There is abundant evidence of illegal activities of state employees together with business. An interviewee tells a story about his work in the forest sector in the Soviet time (in a *lespromkhoz* (state-owned logging company)), in the 1990s and today:

‘I have never been a forest thief, but our activities have never been legal either. One would report one cubic metre of felled timber, and in reality fell three cubic metres. And now it is the same. They are thieves-in-law. The militia are all corrupt. We used to pay for 100 cubic metres, and would cut 500 cubic metres. We paid everyone: the tax service, militia, foresters, local administration... Every prosecutor, every top official in the militia has their own thief brigades.’ (P)

There is a certain dualism in big business lobbying national forest policy. On the one hand, companies admit that difficulties of environmental lobby are related to poor organisation of businesses in this respect (P), as they are interested in logging expansion and have lobbied abolishment of auctions as a method of forest lease distribution (for big investment projects, as well as permission to cut stone pine / cedar (*kedr*) (N). At the same time, it is precisely the lobbying of big companies that is said to have a strong influence on federal forest policy and making it more compatible for instance with certification processes (N). Naturally, such lobbying has economic goals. For instance, a company that lobbied to increase export fees on raw timber as a means to combat illegal logging (they wrote letters to the Ministry for Natural Resources) was pursuing its own commercial interests, being a timber-processing company (P). Just as the state can be considered a resource (to be used by NGOs and companies) for sustainability-friendly change, the state can also be used in private commercial interests. This phenomenon of poor insulation of state structures from private pressures has been described as weak ‘state autonomy’ by Skocpol (1985).

‘If a person understands that it is necessary to protect [forests] and if he takes it personally, then he will make concessions and will try to find – even in our old Forest Code – some loopholes [in order to help]... However, it is

difficult, and everyone would rather sit and wait to hear what to do from above.’ (P)

The quote indicated that the degree and quality of cooperation between companies and state agencies may differ and depends a lot on particular individuals in office and whether they are personally concerned about the state of forests.

Differences among regions are explained through the personality of regional governors. Thus, in Khabarovsk Krai, at the time of the interview, the governor was Ishayev – ‘*a very good economic manager*’ (P), whereas the governor of Primorye was Dar’kin – ‘*from a criminal world and where management is organised according to different principles [redistribution of region’s resources among one’s own companies]*’ (N).

To some extent, relations with local administration depend on the contribution of the company to the regional / local budget: if a company is an important taxpayer, then the administration treats the company differently (P).

7.2.2 Challenges of Private Sector - State Interaction

There are a number of issues that interviewees believe hinder the effective interaction of business and state.

The Feedback System

In the opinion of non-state actors, the feedback system between state and society does not function properly. The feedback system is believed to be very poor because civil servants at lower levels take into account what is being said at the higher levels of state hierarchy and are not so much concerned with what business says (P).

‘People are personally afraid to say things. And big companies realise that we are not going to have the rule of law in the forest sector any time soon, and they will have to live in these conditions, at least for another five years... Very few can afford talking openly about what is going on here. In the back-rooms, yes, many of them say that the current situation is not good at all.’ (N)

The interviewee suggests that representatives of big companies are cautious in expressing their thoughts, for they do not want to disrupt their good relationships with state bodies, which still have a lot of tools of influence. Criticism of state policies by private companies tends to take the form of 'hidden discourses' (Scott, 1990) rather than open public 'transcript'. An exception was probably the adoption of the Forest Code, which was actively lobbied by state authorities, but could not be passed in its initial draft because of protests of the forest sector (in 2004).

The above quote from an NGO was corroborated by interviews held with representatives of private companies. For instance, during my conversation with an employee of a lespromkhoz (P), the interviewee tried to evade my questions about the role of international companies in the process of modernisation of the Russian forest sector calling them '*political*' or even '*unpatriotic*'. Comments made by the interviewee included: '*I am not afraid to talk, although our conversation is being recorded and will be passed on into another system...*'

Small companies, which suffer more than any other companies from unsuccessful reforms, are not organised or represented at the federal level. Regional interests are underrepresented at the federal centre. Interviewees complain about poor communication with Moscow and few possibilities to express their concerns effectively in conditions where real mass media essentially does not exist (N, P).

The Bureaucracy

A serious hindrance to efficient cooperation is said to be bureaucracy (P, N). Civil servants are blamed for providing distorted information about the real condition of the forest sector (P), as well as for their negative attitude to forest business and hampering business development (e.g. too long procedure to acquire permission for building a road) (P).

State officials appear to be disinterested in cooperation with business, partly because this would require changes in certain forestry practices, which is not foreseen by the legislation (P). State officials at the regional and higher levels are believed to be indifferent to problems of the forest sector and unwilling to change things, whereas officials at lower levels (leskhozes), despite their positive attitude to cooperation, are said to be unable to implement new complex projects (partly because of their limited

authority) or afraid of making their own decisions. Leskhozoes are described as the most flexible and ready-to-cooperate among state forest bodies. Foresters at the local level appear to have the best knowledge of problems on the ground (P). The reason even they may not be inclined to make concessions is that changes may mean extra work for leskhozoes (e.g. going into the forest and marking areas that should not be cut). Besides, it may also cause problems for leskhozoes themselves (e.g. if they allow to leave more trees on logging site to be left), for they are controlled by other state bodies (P). State support is limited to only verbal approval (P). The reasons for this are believed to be lack of individual responsibility of civil servants for development of the forest sector and their impunity in case the sector makes no progress.

State agencies are argued to be interested in cooperation only if they see personal benefit for themselves. There are documents and verbal evidence (P) about a situation of 2006 when Segezha pulp-and-paper plant offered to sign a cooperation agreement to the forestry agency of Karelia Republic with the aim of implementing voluntary forest certification, as well as realisation of the international Convention on Biological Diversity (1995), article 2 of the Forest Code of the Russian Federation (1997) and the Agreement between the Ministry for Natural Resources of the Russian Federation and the Government of Karelia Republic (2003). This offer was rejected by state officials.

The state is said to be a constant debtor of business (P). It is believed (P) that the problem is not a lack of money but rather its inappropriate use at the regional level.

Other bureaucracy-related issues include high risks and corruption. High risks of cooperation with state authorities and of investment into forest sector are caused by frequent rotation of civil servants, hence instability and difficulties of developing any kind of cooperation with the state (P); the state not fulfilling its functions such as forest guard and protection, especially a problem for small and middle-size business (N); and too short forest leases which make significant investments such as road building unattractive (P).

Foreign interviewees express their frustration with the pace of work that involves any interaction with state agencies, obtaining licences, permissions (e.g., permission to build a road to the leased forest) etc. A very slow pace and inefficiency of

bureaucracy are explained by corruption and the necessity of personal interest of bureaucrats if their work is to be accelerated (P).

In the eyes of some representatives of business, inappropriate and semi-legal functioning of state agencies justifies illegal activities of other participants of the forest sector, such as tax evasion (P).

7.3 NGOs and the State

7.3.1 Enhancing Cooperation

'Say, two years ago, there was practically no constructive dialogue – neither with Goskomles, nor with Minprom, nor with Minselkhoz, whereas now the situation is changing. There is already some dialogue and some joint movement further.' (N)

The interviewee notes that communication between state agencies and NGOs has been improving recently.

NGOs (e.g., NGO SPOK in Karelia or the Russian branch of Greenpeace) put pressure on state agencies through mass media and open publications.

'[Publications] do not need to reach local population, but rather law-enforcement agencies, law makers, federal structures... because civil servants are very dependent on federal structures. All 'federals' need from the regions is that they pay taxes, do not interfere when they want to build pipelines and stay silent, so there are no scandals. And this is a very strong tool. If there are scandals, 'federals' will change local leaders, if local leaders cannot cope with the situation and keep the population silent. The mechanism is primitive, but it works.' (N)

Other mechanisms of NGO-state interaction include direct contact and routine everyday involvement.

'Everyone knows Yaroshenko in Rosleskhoz. Influence of Greenpeace and Yaroshenko personally is certainly very strong.' (N)

The quote reveals that the influence of some NGO leaders on federal state agencies is very significant. The interviewee notes that she *'was impressed by how much they listen to him and by the attitude of people to him'* and that opinion of the above mentioned leader of Greenpeace Forest Programme cannot be ignored. The tools of NGO influence vary from tools of a radical opposition (in case of SPOK) to personal renown (in case of Greenpeace).

'A positive thing is that we have a voice. Besides, in a week's time, we are going to St. Petersburg [to the International Forest Forum]. This year, we are not particularly welcome. But we were invited in the past years as facilitators and moderators of discussions... Our director for environmental policy is a member of the board of Rosleskhoz and a member of the board of the Ministry for Natural Resources. He is regularly given the floor there.'

(N)

The story of the above quoted leader of another NGO's Forest Programme shows that there appears to emerge, although not a very steady, trend, namely that voices of NGOs become ever more heard and listened to.

Tools that are used by NGOs to put pressure on state agencies can be classified as direct and indirect ones. Levers of direct influence include for instance participation of NGOs in the Forest Public Council (*Obshchestvenny Sovet*), their involvement in fora and discussions, etc. However, such mechanisms appear not to work well (N). So, NGOs turn ever more often to mechanisms of indirect influence, namely work with the private sector. Business is said to be more effective in negotiations with the state than NGOs.

The experience of some NGOs shows that state-NGO interaction has been developing from antagonism (and respective tools of 'struggle') to positive cooperation. For instance, since the late 1990s, the WWF has been publishing reports about illegal logging and trade. These reports of the WWF triggered scandals in the Far East in 2001 – 2002, and local authorities were about to sue the WWF. However, in 2004 – 2005, Rosleskhoz requested the WWF's estimating procedures, and Rosleskhoz used those methods to make their estimates of illegal logging as well.

‘I could say that I am happy, for a lot of things that were impossible very short time ago, happen now. Who could imagine that regulations will be posted on the website? Who could imagine that we shall send our amendments to the Forest Code to the Duma – 50 pages of text?’ (N)

There appears to be progress in opening-up the law-making process and making it more transparent and collaborative. This seems to be true both for the federal and regional level. The WWF together with DalNIILH [Far Eastern Forestry Research Institute] prepared rules for the designation of Specially Protected Forest Areas, which were then sent to the Forestry Agency, which in turn proposed taking these rules into account and including them into regional Harvesting Rules. Moreover, representatives of the NGO give talks at parliament proceedings. The WWF provides financial support to some state bodies: the WWF bought fire-fighting equipment, cars etc for a leskhoz in Chuguyevka (P).

Another NGO described the evolution of state attitude to model forests (projects developed by NGOs), in particular to Pskov Model Forest:

‘As to our communication with Pskov authorities, at the local level, in Strugokrasnensky Rayon, everything would be also given a hostile reception at first. People would perceive it the following way: ‘A foreign company came with its capital, along with foreign NGOs; they must be either spies or god knows what...they are going to cut all our forest and leave nothing for us’... But once the project started to work, conflicts were resolved. And now, we generally have support at the local level. This concerns employees of the forestry sector and of the local administration.’ (N)

The quote shows that despite initial hostility and suspicion towards foreign organisations, changes in perception take place and happen even in the short run not only at the federal or official level, but also at the very local level. There is also similar evidence of change (and growing support of the model forest) at the regional level (N). In all these situations, understanding has been achieved through ongoing and persistent dialogue with state officials and other stakeholders at all levels (mostly arranged by NGOs).

The situation varies across regions. In some areas, the situation has started to change on the regional level. One of the most successful cases of NGO-state cooperation is Komi Republic, where the NGO Silver Taiga has had a significant impact on regional policies. Regional Komi authorities supported the Model Forest, and approaches to forest management started to change on the level of constituent entities of the Russian Federation. Cooperation is also said to have progressed a lot in Khabarovsk Krai (unlike other Far Eastern regions):

‘We are involved in the process of decision making. The government of Khabarovsk Krai has created a working group for biodiversity conservation... We have an official agreement with the government of Khabarovsk Krai about cooperation for conservation of biodiversity. It is a unique case of agreement between an NGO and (regional) government.’ (N)

7.3.2 Challenges of NGO-State Cooperation

However, the same interviews with NGOs often reflect a number of problematic issues related to communication of NGOs with state bodies.

‘My tasks also include communication with state bodies and attempts to introduce some elements of this concept (HCVFs) into our legislation, state practices, forestry. I can tell you right away that we have succeeded least in this respect so far.’ (N)

Recent successes of NGOs wear off against the background of deep and persisting problems. A number of interviewees (N) stress intransparency of decision-making and poor access of NGOs to the legislation-making process, their persistent attempts and essentially failure to introduce relevant environmental amendments to regulations in the process of reform.

NGO interviewees emphasize the lack of interest for cooperation on the side of state bodies. Civil servants are reluctant to participate in joint seminars organised by NGOs and ‘*come only if there are orders from someone higher up*’ (N). The agencies that are actual decision makers (Ministry for Natural Resources, Ministry for Economic Development and Trade – not the Rosleskhoz), are believed to have different interests from NGOs (N).

Officials also show resistance to new and ‘imported’ Western concepts. Here is a not very rare perspective of civil servants on environmental NGOs:

‘I have been in war with them all my life.... They do not have any information, but just tell lies all over the world that one cuts national parks in Karelia. There are enough national parks and strict reserves in Karelia, but why ban logging in all over-mature forests? Logging should be there anyway. Only a very rich country can afford making all their forests protected zones... In Europe, they have destroyed all their own forests, but do not want to pay us so that we preserve our forests...’ (S)

Sometimes, state officials speak almost a different language. Thus, when a regional minister of timber industry (S) was asked about public participation in the process of forest management at the regional level and NGOs, the answer included only several names of timber trade and industry associations.

Differences in perceptions and ideas are aggravated by the lack of trust between civil society and the state. Interviewees describe the state as someone who ‘*keeps smiling to you but then always deceives you*’ (N). The low level of trust on the side of NGOs is a result of previous disappointing experience of cooperation with state bodies.

‘State bodies listen to you attentively, agree with you and then it turns out that the final draft of the documents in question have nothing common with what we have agreed on... I have a feeling that they use us to their political ends... Sometimes it seems to me that it [cooperation] has a decorative character.’ (N)

In this respect, the current situation in Russia is not very different from international experiences described in (Vira and Jeffery, 2001): the state has adopted the participatory rhetoric, but reproduces traditional patterns of power and decision-making.

Disappointing experiences with sham cooperation cause some NGOs to take an oppositional stand and react negatively to establishment of the Forest Public Council (*Obshchestvenny Sovet*).

‘There is a bureaucratic law of three ‘i’s, which is also applied in this case: ‘invite, inform, ignore’. And that’s it... Any decision of this Council is non-binding... What is the point of such Council, to inform? But we shall inform you through mass media anyway.’ (N)

The quote suggests that the Forest Public Council is regarded by some NGOs as of no importance, so these NGOs avoid participation in the Council’s meetings.

Spatial and Temporal Variations

However, it is noted that the quantity and quality of interaction of NGOs with the state vary between different state agencies and at different periods of time. Some local and regional forestry authorities are said to have proved very cooperative when the Forest Code was being adopted and participated in protest campaigns together with NGOs (N).

‘There is a feeling that we are with Rosleskhoz on one side of the barricades in a certain sense. On the other side is the Ministry for Natural Resources, the Ministry for Economic Development and Trade, and the Government. The roots of the problems are not in Rosleskhoz, but higher – in some economic or administrative interests *not* of Rosleskhoz.’ (N)

The stories told by several NGOs evidence a multi-layered organisation of state authorities who are involved in decision making about the forest sector. Leskhozes and officials at the local level are sometimes opposed to officials at the Ministry of Economic Development and Trade and the Ministry for Natural Resources. State ministries and departments also differ from each other in their interests and incentives.

‘Relations of state authorities with NGOs, especially with environmental organisations, have been *very* manifold during the recent five years – ‘hopping’ I would say. When Goskomekologii was abolished in 2000, under that minister NGOs were not allowed anywhere at all. And when a different minister came to the forestry service, in 2004, they suddenly supported our idea to create a public forest council... And activity of this council has also had a very uneven character.’ (N)

Changes in time do not necessarily happen in a consistent manner. Changes in attitudes, amount and depth of cooperation depend on political swings and cycles. As argued by some NGO representatives, civil servants in Rosleskhoz become more inclined to cooperation and compromises during periods of crises, when they cannot cope with problems without external advice.

‘First, we start to come closer and closer to each other – and then there is a new governmental reform, everything changes and we end up in opposite corners again. We start to come closer again – and here comes another reform! In 2000, there was a reform, when the federal forestry service (which was like a ministry) was abolished. Later, there was another administrative reform after that... And now this forest reform has drawn us apart a lot, for civil servants have been so busy that they had no time at all for NGOs...’ (N)

The quote indicates that difficulties of cooperation are exacerbated by instability of political situation and ongoing administrative changes.

Success or failure of NGO-state cooperation depends on individual people at the local level (their values, beliefs, etc) and on officials in Moscow (or generally higher-ranking structures), since interests of individual civil servants do not necessarily coincide. This factor explains the success of the NGO ‘Silver Taiga’ in the Komi Republic (N) and past failures of the NGO SPOK to build working relationships with the regional authorities of Karelia.

When referring to problems of the forest reform, interviewees (N) often refer to individual state officials, such as the ministers for natural resources (Trutnev is described as being absolutely indifferent to what is going on with the forests; Artyukhov, as a bribe-taker; Roshchupkin, as a very talented manager). Frequent staff rotation in state agencies is considered a major hindrance to developing cooperation with NGOs (S, N).

Conclusion

The above chapters showed how institutional development of the Russian forest sector requires analysis not only in terms of social groups and individual actors, but

also relations (links between actors in Figure 1). This approach is close to the perspective of Bourdieu, his study of 'social space' and 'habitus' based on relative positions of actors within that space (Bourdieu, 1985).

NGO-Private Sector

The chapter discussed changing relationships between NGOs and private companies. It revealed that drivers of increased cooperation lie both within and outside the Russian forest sector. The former result from depletion of forests and inability of the state to provide necessary resources for development (skills, knowledge, etc). The latter include increasing embeddedness of the Russian forest sector in global markets and consequent dependence on requirements of the global consumer community.

The limitations of the civil society and non-state agency in Russia are caused by insufficient trust and legitimacy in the eyes of broader population, conflicts of interests, lack of effective mechanisms of cooperation with other stakeholders. Actors share awareness that only through multi-stakeholder cooperation will it be possible to organise sustainable forest management, as the resources of separate players are limited.

NGOs find dialogue with business organisations easier and more fruitful than with civil servants (the same applies to the attitude of private companies). At the same time, one cannot overestimate the role of state bodies for NGO-business cooperation: decisions of civil servants are often decisive for the success of such projects. Only in cases where different actors (including state officials) with different motivations were involved and where those interests and motivations combined well, was the outcome of joint projects in sustainable forest management successful.

The need for the 'state' (and for the reformed state) was referred to on numerous occasions by representatives of both private and non-governmental sectors, both in the North-West and in the Far East of Russia. Major players in the forest sector recognise that none of them can solve existing problems on their own.

State-Private Sector

Cooperation in the area of environmental protection is stimulated mostly by the private sector, whereas the state is perceived as an inert, rigid and isolated 'structure'

with a poor feedback link to the rest of society, lack of skilled professionals, and lack of individual responsibility of civil servants.

In terms of modernization and innovative development, the state is considered weak and failing to perform a number of its functions. Therefore, the private sector finds itself bound to replace the state in various roles: socio-economic development, support of local infrastructure and various forest management operations, including forest protection and fire fighting, introduction of new forestry methods.

State–business relations are often characterized by confrontation and antagonism. In the eyes of companies, the state is associated with illegal activities and raider attacks. Companies use legal action, lobbying and cooperation with NGOs as tools in the ‘struggle’ against the state.

A lot of interaction between state bodies and private sector is informal or even semi-legal. There is evidence that private logging companies are often affiliated with state forest management bodies or linked to particular state officials, which potentially causes issues with sustainability and violation of laws and regulations. This leads to the weak ‘state autonomy’ and low ‘state capacity’ (Skocpol, 1985), i.e. a reduced capacity of the state to pursue national interests and its weak power to shape informal institutions (Evans et al, 1985). The state appears less autonomous from Russian companies than from foreign companies.

The nature of interaction between companies and state agencies is believed to differ from case to case and depend a lot on particular individuals in office (be it a forester or a governor of the region) and their personal ideas and values. There are differences between various state bodies: *leskhoz*es (local state forest management bodies) are described as most flexible and ready-to-cooperate among state bodies, whereas state bodies of the national and sometimes regional level appear most rigid and least cooperative, which limits the scope of action at the local level. This indicates the ability of the state to perform both as agency and structure.

The dialogue between NGOs and the state has been expanding recently. These changes occur mainly due to efforts of individual NGO leaders rather than state bodies. This causes a significant differentiation between regions.

One of the biggest challenges of NGO-state collaboration appears to be not just a different ideology, lack of interest in environmental issues (due to resource-orientation of the economy and politics), but also the unwillingness of the state to participate in any discussion or to open the process of decision-making. The gap in perceptions and ideas is exacerbated by the lack of trust between civil society organisations and the state. NGOs perceive their participation in the process of reform and generally their direct interaction with the state as a formality. These observations correspond to the theory of 'communicative action' (Habermas, 1974) and debates about political regimes adequate for maintaining environmental sustainability (Skollerhorn 1998; Mathews 1996). As indicated above, non-state participants of the Russian forest sector generally agree that democratic forms of governance and more inclusive procedures of decision-making may provide a better basis for development. This corresponds to the view of Eckersley (1992) on ecological crisis as the 'crisis of participation'.

Interaction between NGOs and the state significantly varies across state agencies and regions. It is also very uneven in time. Inconsistency and irregularity of cooperation is exacerbated by instability of political situation, ongoing administrative changes, poor communications between state agencies, their internal conflicts, and a high turnover of officials in top positions, because a great role in interaction is played by individual officials involved. The special role of the individual is accompanied by a lack of system in the Russian state and arbitrariness of policy implementation.

The above mentioned circumstances cause a sceptical view of NGOs on the prospects of their future cooperation with state agencies. One expects positive change only as a result of active efforts of individual people or as a consequence of pressure from higher-ranking structures in Moscow. This can be compared to the model of Gel'man (2004), recognizing the importance of structural factors for explaining institutional path dependence, but mainly supporting the actor-oriented approach. Structural

factors and the 'legacy of the past' affect the ideologies and capabilities of actors, but cannot fully account for individual actors' behaviour.

It also showed a certain path-dependence in state-society relations and a particularly significant role of the state for outcomes of non-state governance projects. The structure is predominant, and the 'public sphere' is weak. The potential of new non-state entrants in the Russian forest sector is limited because their agency is '*embedded*' (Granovetter, 1985) in existing social relationships.

CHAPTER EIGHT. CONCLUSION

Patterns of Institutional Change in the Russian Forest Sector

In the above analysis, we have demonstrated that major current problems (as well as fundamental reasons for those problems) of the forest sector are typical for different historical periods, and that state–society relationships have similar features in the 19th and 21st centuries. The analysis of interviews showed that the ongoing reform, perceived with much criticism by non-state participants of the sector, is expected to result in social reproduction, rather than transformation. In the opinion of key actors in the sector, current state forest policy is unlikely to significantly affect social behaviour or basic informal institutions.

As shown in chapter five, recent institutional development has not been entirely consistent in the sense that there have been multiple drivers and sources of institutional change, which causes numerous clashes between emerging (or newly implanted) and ‘old’ institutions. Particularly, such institutional conflicts have been taking place between state and non-state agency (or rather non-state agency and state structure).

The comparative analysis of state forest reform and projects launched by non-state actors suggests that a major difference between them is that the state reform is significantly more entrenched in the ‘old’ thinking and path-dependent institutions. In some aspects of forest management, certification and model forests as forms of alternative governance have proved to be more powerful in resisting certain informal ‘path-dependent’ institutions, and more effective than state-designed and state-imposed institutions of law-enforcement.

To a great extent, this can be explained through costs of potential institutional transformation (a concept elaborated by Polterovich, 1999). The system of decision making is such that the cost of institutional change born by civil servants is a key factor for design and implementation of reforms. Therefore the current reform of the forest sector has been implemented in the way that promises little success and its cost is mostly born by non-state actors, who are most vulnerable and immediately affected by changes.

The above analysis makes one conclude that difficulties of reform stem largely from relationships of state authorities with the society. Available data, set out in chapter seven, shows that structural institutional factors, which determine the range of choices available to individuals and the respective transformation of forest management institutions, are varied and multi-level. However, a particular role is played by political regime and distribution of power between individuals, state and different social groups. The bearing of politics on forest resource management proves to be particularly significant in Russia.

Opportunities for Path-Creation

As it has been argued by Crouch and Farrell (2004) and set out in Figure 1, there are two main routes for institutional path-creation and innovation: 1) 'from within', i.e. path-creation driven by strong organised interests; 2) 'from outside', i.e. by means of active exchange with global environment. As a result of post-Soviet economic, political and ecological transformations, both ways have become more feasible in the Russian forest sector. As the above analysis shows, two major drivers of change in today's Russian forest sector are: 1) local ecological agency, and 2) global (societal, political, economic, ideological) environment.

Organised interest in sustainable forest management has started to emerge, mostly in the form of new social networks and joint projects of NGOs and private companies (voluntary forest certification, model forests, and other forms of collaboration). It is the emergence / strengthening of new participants of the forest sector (compared to the 19th century situation) - NGOs and influential private corporations - that gives hope for a weakening of institutional embeddedness and for the modernisation of forest management. Their cooperation is also growing due to increased ecological agency (aggravated ecological problems). However, cooperation between state agencies and other participants of the sector, including the local population remains insignificant. Analysis shows that major sources of agency tend to lie outside the state structures (or at least outside federal state structures) and outside local communities. Agency comes mostly from the corporate and non-governmental sector, both national and international. The state is not always willing or able to contribute to modernisation and innovative development of the forest sector to the extent it is necessary with regard to changing domestic and international markets, as well as

evolution of ideas about sustainable development. Therefore, NGOs and businesses, who often share same values and problems, form alliances to oppose state bureaucracy, corruption and rigidity. In this case, the state is seen as a structure, unable to generate innovations. Lack of agency and organised interest among civil servants appears to be one of major reasons of expected state forest management reform failure. Non-state governance and ‘private modernisation’ seem to have more potential than state measures, at least in the short run. This corroborates a Habermasian belief in the acting individual and ‘public sphere’, as well as the recent theories of non-state market-driven governance (Cashore, 2002; Meidinger, 2002).

However, as analysis of available material demonstrates, ‘private modernisation’ is severely limited by formal and informal institutions supported by the state. As shown in chapter seven, power is unevenly distributed between the state and the private sector. Private companies express their concern about the state exercising pressure on them, interfering in their management, or imposing additional socio-economic obligations. The overwhelming path-dependent role of the Russian state in all areas of social life jeopardises possibilities of innovative development through interaction with global environment even in conditions of increased openness and interdependence. The nature of state–business interaction is shaped not only by economic incentives, but also by politics. This allows comparison with the ‘institutionalist political economy’ of Chang (2002) who emphasized the importance of bringing the political aspect back into economic analysis. Without appropriate cooperation of civil servants, non-state projects and initiatives are bound to remain isolated ‘islands of change’. This shows that there is a need to complement the theory of ‘communicative action’ with studies of path-dependence and the state. Civil society and ‘public sphere’ on their own prove unable to secure institutional change and sustainable forest management.

Further Reflections on the Theory

Analysis of current processes in the Russian forest sector has required resort to and harmonization of several theoretical approaches and perspectives. Changes of actors’ behaviour are explained through interaction and interdependency of structure and agency, and concept of embedded agency. The above analysis generally agrees with Bourdieu’s dialectical approach to the ‘structure-agency’ dichotomy, where both

elements have equal weight: objective structures (the state; history of Russian state, society and forestry; natural resources) form the basis for subjective representations of agents; and at the same time, subjective representations form the structure.

The above analysis leads us to partially agree with Habermas, who considers society both as structure and agency, where structure is mostly represented by the state, and agency by the 'public sphere', non-state actors. The state and non-state participants of the forest sector confront one another and compete for power and the right to design institutions. A particular role in institutional transformations is played by individuals, their competence in 'communicative action', self-organisation and self-governance as an alternative to coercive methods of state governance. Individual actors, if communicating with each other, may be capable of acting towards common goals and mutual social benefits. However, the above chapters also demonstrated the 'distortion' of the 'public sphere' in Russia: passive attitude of many participants, lack of democratic practices, blurred boundaries between private and public, and exercise of power '*in cooperation with the state apparatus*' (Habermas, 1974: 54). As experience of the Russian forest sector testifies, individual agency is embedded in a social (institutional, economic, ideological, political, power, and discursive) and natural contexts. Moreover, agency is restricted by these contexts. Actors tend to be largely limited in their ability to produce innovations, unless necessary structural changes take place. These changes include: the strengthening of the public sphere (as argued by Habermas), modification of the economic system (Marx) or form of government (Durkheim) or alteration of power relations both in traditional political (macro-power of the state) and Foucauldian (everyday micro-powers) sense.

The institutional framework is applied to explain complex and specifically Russian agency-structure interactions in the forest sector. In our analysis, we use the concepts of the new institutional economics (such as property rights, transaction costs, competition, etc). However, preliminary analysis of available data proved it necessary to supplement the NIE framework with two other approaches. Firstly, the impact of history on patterns of current transformations called for the application of concepts of path-dependence (North; Ostrom) and path-creation (Crouch and Farrell; Ebbinghaus). These frameworks have allowed the identification of several major path-dependent institutions that constrain transformation of the Russian forest sector, as well as the tracing of the historical roots of some of those institutions. The concept

of path-dependence is helpful in explaining why ideas of forest management that are popular elsewhere (such as ‘participation paradigm’; belief in the power of civil society and social campaigns; rejection of top-down projects) may be unfeasible on the Russian ground. The dissertation juxtaposed Russian practices and ideas with Western approaches to natural resource management. It showed the importance of complementing theories designed in the West with Russian conceptual frameworks.

As the chapter six revealed, there is a clear awareness of the specificity of Russian practices among participants of the forest sector. The theory of path-dependence, previously applied to the Russian material by Hedlund (2005), has proven its immense relevance to explaining current changes in the Russian forest sector. The current development of model forests and certification shows how path-dependent development trajectories interact with exogenously changing environments. It shows that there is a potential for path-creation and, although bounded, innovation. There are actors within different parts of the Russian forest sector, NGOs, civil service, private business, who have started or may start to act as ‘embedded path creators’ (Garud and Karnoe, 2001).

A ‘specific’ Russian mentality manifests itself in a certain view of forests and forest management, perception of law and governance regime, prospects of change, and a certain business and working culture. Interviewees emphasize that a number of existing issues are related to, in their opinion, specifically Russian objective natural and geographic conditions, as well as formal and informal institutions, traditional Russian or Soviet frameworks of thinking and behaviour and that all of these are closely related to each other. For instance, the abundance of natural resources is said to have caused lack of environmental thinking and consequently wasteful treatment of forests, despite the population’s dependance on those very forests. The absence of private property has had a similar effect on forests and, hence, a sense of responsibility for those resources is lacking. The latter is closely connected to the missing tradition of public participation in forest management or active public interest in forest issues, unless one is immediately affected by those. The latter, however, could be also in some cases explained by the level of economic development of certain areas where the local population is more concerned with problems of survival rather than sustainable environmental development. Often, it is the local population who are blamed for their own problems due to their unwillingness to change the

situation, scepticism about possible positive transformations, propensity to think only about ‘today’, not ‘tomorrow’ and their unwillingness to work hard.

However, it would not be untrue to say that the special Russian ‘path’ of development relates most of all to the Russian state management, behaviour of civil servants and interaction of state and society. These include: rigidity of the state machine and its antagonism to any innovations, a very big role of the federal centre and hierarchy in decision-making, absence of democratic features, poor incentives for development or increasing efficiency, instability of political, economic and legal environment, corruption and so on. These features are said to be very ‘traditional’ for Russia and facilitate the inert (rather than innovative) development of economy and society. Moreover, these features are believed to distort realisation of various ‘Western’ ideas on the Russian ground and make it necessary to adapt these ideas to Russian institutions before implementation.

The second approach that proved to be a necessary supplement to the NIE framework is the ecological one. Nature is considered a valid / fully-fledged factor (if not actor) in institutional change. The ecological dimension is regarded as an integral part of the analysis of societal development. Similarly to human ecology and political ecology, the collected data demands recognition of the inextricable link between the social and the natural in the process of institutional change. However, these theoretical approaches need modification when used to analyse the Russian case. Thus, in the analysis of the interdependence of nature and local culture, the concept of local culture should be understood broadly in the sense of all-Russian path-dependent institutions (especially political), intellectual tradition, practices of forest use as penetrated by the state and respective discourses. Moreover, certain concepts that may be important in other forest-rich countries turn out to be almost irrelevant in Russia, such as the concept of environmental struggles (e.g. environmental struggles of the poor against multinational corporations) (Martinez-Alier, 1997, 2002). My material demonstrates that if it is not the state who is the ‘only European’ in Russia, then it is the (predominantly foreign) private and non-governmental sector, but by no means local communities. As part of certification process and model forests, the concept of public participation has emerged on the agenda of interviewees. However, the local community is still mostly left out of ‘participation’ and does not attempt to get involved in forest management. Realisation of the imported multi-level governance

paradigm (e.g., Berkhout, Leach and Scoones, 2003) is fundamentally modified in Russia: the role of local agents is played not so much by local population, but rather by locally operating companies and possibly NGOs.

As my interviews and observations showed, the discourse of forest as home for indigenous cultures is vanishing. Due to the ongoing development of the market economy and also due to certain ideological path-dependency (consumer attitude to natural resources and non-environmental priorities in state policies), the 'regime' of 'capitalist nature' (with concomitant phenomena of commercialisation and 'commodification' of nature (Lemos and Agrawal, 2006) appears to be very strong in the Russian forest sector. Predominant discourses reflect the extreme weakness of grassroot movements.

Conflicts and environmental struggles that take place in the Russian forest sector are not very typical of capitalist societies. As seen in chapter seven, it is not NGOs and society against industry and the state, but rather NGOs and private sector against the state; private sector against private sector; state agencies against state agencies; NGOs against NGOs (the latter three types of conflicts mostly being fight for distribution of resources).

The thesis has shown some limitations of the theory of non-state governance. Globally, and in post-Soviet Russia in particular, there is increased optimism concerning alternative governance systems (Edwards, 2001; Berkhout, Leach and Scoones, 2003; Tysiachniouk, 2006); individual agents have been shown to use 'structure' as resources for institutional entrepreneurship (Mahoney and Snyder, 1999). However, there are reasons to be cautious in making any predictions. These reasons lie mainly with path-dependent power relations and meta-rules of norm-making (Ostrom, 2005) in society, as well as within non-state actors themselves (who need to reform themselves and to gain legitimacy in the society). Major obstacles to certification and model forests are found in the system of state governance and state forest management, which remain isolated from global developments and are opposed to imported institutions. The state is of primary importance for model forest and certification projects. This fully agrees with the 'institutionalist political economy' approach of H.-J. Chang (1997, 2002), who rejects the primacy of the market and

advocates the need of further studies of the state, its relationship to market and institutions, as well as institutional diversity of capitalist systems.

Only an integrated approach (as reflected in the analytical framework - see Figure 1) which embraces an analysis of human and natural agency, as well as the ecological (quality, quantity and location of natural resources) and historical (economic, political, ideological, legal, customary, technological) embeddedness of agency will allow an understanding of the nature and major drivers of forest sector transformation in Russia.

Directions for further research

The results of this research could be developed in several directions:

- a) systematic and comprehensive description of 'holons' (core institutions of path-dependence), and comprehensive analysis of forest legislation with respect to how these laws address path-dependence / how they aim to affect 'holons' (i.e. concrete policy implications)
- b) a comparison with recent institutional development, particularly certification and model forests, of the forest sector in other post-Soviet countries; comparison with Western countries during earlier periods of their development; comparative analysis of natural resource management under different political regimes
- c) a more detailed analysis of path creation including precedents and cases of successful social action in Russia; further analysis to see if there is a strong correspondence between changes in the forest sector and development of other sectors of the economy / exchequer deficit; what were the conditions when forest institutions developed with the fastest pace; patterns of activity in state forest policy compared to patterns of forest industry growth.

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Appendix A: Locations and Respondents

Locations

North-West of Russia	Republic of Karelia: Petrozavodsk, Segezha, Valday
	Leningrad Oblast': Tikhvin; Kingisepp; Opol'ye, Opol'yevskaya volost', Kikeritsy
	St. Petersburg
Far East of Russia	Primorsky Krai: Vladivostok (several trips), Dal'nerechensk, Dal'nerechenskiy Rayon, Roschino, Novopokrovka, Krasnoarmeyskiy Rayon, Snezhnoe, Vostok, Dal'niy Kut
	Khabarovsk Krai: Khabarovsk, Sosnovka

Respondents

Sector	Number	Organisation	Position
NGO	N1	Greenpeace Russia (Moscow)	Coordinator of the Forest Programme
NGO	N2	Greenpeace Russia (Moscow)	Ex-participant of the Forest programme and ex-chairman of the National working group on forest certification
NGO	N3	SPOK (Karelia)	Director
NGO	N4	The Wildlife Foundation (Khabarovsk)	Chairman
NGO	N5	WWF-Russia, Moscow	Head of the Forest Programme, previously worked for the State Forestry Agency
NGO	N6	WWF-Russia, Moscow	Coordinator for High conservation value forests
NGO	N7	WWF-Russia, Moscow	Forest policy coordinator
NGO	N8	WWF, Pskov Model Forest	Project Leader
NGO	N9	WWF-Russia, Vladivostok	Head of the Forest Programme at the Amur branch
NGO	N10	WWF-Russia, Vladivostok	Forest certification coordinator at the Amur branch
NGO	N11	Environmental NGO 'Taiga' (Primorsky Krai)	Director of the NGO; director of the to-be-established National park 'Udege legend'
NGO	N12	Biodiversity Conservation Centre (Moscow)	Coordinator of the Forest programme
NGO	N13	IUCN (Moscow)	Expert
NGO	N14	Forest Stewardship Council	Director

		(Moscow)	
NGO	N15	BROC (Bureau for Regional Outreach Campaigns), Vladivostok	Director; also Coordinator for the Russian Far East at the auditing company NEPCon
NGO	N16	BROC	Expert
NGO	N17	Association of indigenous peoples of the North of the Khabarovsk Krai	Expert
NGO	N18	Rainforest Alliance	Training manager, TREES Program
Private sector	P1	IKEA, Swedwood Russia	EHS (Environment, Health & Safety) Manager
Private sector	P2	UPM-Kymmene, St.Petersburg-Tikhvin	Environment manager
Private sector	P3	UPM-Kymmene, St.Petersburg	Director, Forestry and Wood Sourcing
Private sector	P4	UPM-Kymmene, Tikhvin	Construction manager
Private sector	P5	UPM-Kymmene, Tikhvin	Director for external relations, ex-director of the lespromkhoz
Private sector	P6	UPM-Kymmene, Tikhvin	Transport logistics manager
Private sector	P7	UPM-Kymmene, St.Petersburg	Procurement director, Forestry and Wood Sourcing
Private sector	P8	UPM-Kymmene, Tikhvin	Communications manager
Private sector	P9	UPM-Kymmene, Tikhvin	Corporative Reporting and Control Manager, ex-acting director of the lespromkhoz
Private sector	P10	UPM-Kymmene, Tikhvin	Forest production advisor
Private sector	P11	UPM-Kymmene, Tikhvin	Planning manager, ex-head of production/operational department
Private sector	P12	Stora Enso Oyj, Wood Supply Russia	Environmental manager
Private sector	P13	Stora Enso -Kingiseppskoye lesopromyshlennoe predpriyatie	Technical director (head of the logging unit)
Private sector	P14	Stora Enso	Deputy Director for three subsidiaries
Private sector	P15	Stora Enso, subsidiary 'Russkiy les', Tikhvin	Head of the production and technical department

Private sector	P16	Stora Enso, subsidiary 'Russkiy les', Tikhvin	Deputy director
Private sector	P17	Stora Enso, subsidiary 'Terminal', Novgorod Oblast	Chief specialist on forest fund
Private sector	P18	Stora Enso, subsidiary 'Olonets Les', Karelia	Manager
Private sector	P19	Stora Enso Oyj, St.Petersburg	Quality manager
Private sector	P20	Stora Enso, subsidiary 'Russkiy les', Tikhvin	Deputy director
Private sector	P21	Stora Enso, subsidiary Ladenso, Karelia	Director
Private sector	P22	Investlesprom, Segezha Pulp-and-Paper Plant	Deputy director for organizational developments
Private sector	P23	Investlesprom, Segezha Pulp-and-Paper Plant	Head of the Forest resources department
Private sector	P24	Investlesprom, Segezha Pulp-and-Paper Plant	Director deputy for forest resources
Private sector	P25	Northern Logging Company (SLZK)	Director general
Private sector	P26	Investlesprom, Segezha Pulp-and-Paper Plant	Leader of the Forestry Group
Private sector	P27	Segezha Pulp-and-Paper Plant	Acting director deputy for forest, chief engineer
Private sector	P28	Segezha Pulp-and-Paper Plant	Chief technologist (production manager/chief engineer)
Private sector	P29	Segezha Pulp-and-Paper Plant	Head of Certification Department
Private sector	P30	Segezha Pulp-and-Paper Plant	Assisstant to Director General for PR
Private sector	P31	Segezha Pulp-and-Paper Plant	Director deputy for HR, ex-manager in the department for paper production
Private sector	P32	Lespromkhoz 'Valdayles'	Director
Private sector	P33	Metsaliitto Group, St.Petersburg	Development manager, Environmental affairs and corporate responsibility
Private sector	P34	Metsaliitto Group, St.Petersburg	Environmental specialist

Private sector	P35	LLC 'Rimbunan Hijau MDF', Khabarovsk	General Director Deputy
Private sector	P36	Smena Trading Co, Ltd, Far East	CEO; Head of Dalexportles Association
Private sector	P37	Dalexportles Association, Far East	Executive director
Private sector	P38	Dallesprom, Far East	Director Deputy for Production
Private sector	P39	Primorsklesprom, Far East	Head of department
Private sector	P40	Chuguevskiy lespromkhoz, Far East	Manager
Private sector	P41	JSC Les Export, Far East	Deputy Director General
Private sector	P42	Leprekon (small-scale private logging company), Far East	Director
Private sector	P43	Roshchinskiy lespromkhoz, Far East	Director
Private sector	P44	Primorsky GOK	Director deputy for forest
Private sector	P45	Europartner (audit)	Forest Certification Program Director
State	S1	Government of the Khabarovsk Krai, Ministry of Timber Industry	Head of division (Head of the bureau for foreign economic activities of the Ministry)
State	S2	Government of the Khabarovsk Krai, Ministry of Timber Industry	Minister
State	S3	Khabarovsk Krai Government, Ministry of Timber Industry	Chief Expert of foreign economic relations division
State	S4	Administration of Primorsky Krai, Forestry department	Director
State	S5	State Forest Committee of Republic of Karelia	Ex-chief forester, ex-deputy of the chairman
State	S6	Administration of Segezha Rayon	Director deputy; also ex-employee of Segezha PPP
State	S7	Tikhvinsky leskhoz	Director
State	S8	State Forest Committee of the Republic of Karelia	Head of department

State	S9	Ministry for Industry and Natural Resources, Republic of Karelia	Chief specialist
State	S10	Administration of Opol'yevskaya volost'	Head of administration
Academia	A1	Institute of Specialists Training in the Field of Ecology and Nature Use, Khabarovsk	Rector; also Director of Gassinski Model Forest
Academia	A2	Institute of Specialists Training in the Field of Ecology and Nature Use, Khabarovsk	Vice-rector
Academia	A3	Biology-Soil Institute of the Far-Eastern Branch of the Russian Academy of Sciences, Far East	Head of the Forestry/Forest Science Department
Academia	A4	Institute for Water and Ecological Problems of the Far East, Russian Academy of Sciences, Far East	Researcher, Participant of Gassinski Model Forest
Academia	A5	Centre for Independent Social Research, St.Petersburg	Head of the ecological sociology group
Academia	A6	Centre for Independent Social Research, St.Petersburg	Researcher
Academia	A7	Socio-Logos, Center for Social Analysis and Reconstruction, Petrozavodsk	Researcher
Academia	A8	UNECE (Geneva), Forest Resources Assessment, Timber Section, Trade and Timber Division	Researcher
Local community	L1	Udege community, Far East	N/A
Local community	L2	Udege community, Far East	N/A
Local community	L3	Udege community, Far East	N/A
Local community	L4	Udege community, Far East	N/A
Local community	L5	N/A	N/A

Appendix B: Interview Questionnaire

The following is a general questionnaire. In each particular case, questions are tailored in accordance with available information about the interviewee, and recent activities they have been involved in.

In a number of cases, interviewees prefer not the Q&A format, but ask to explain the purpose and focus of my research first, write down the questions of my particular interest and then give a very detailed, monologue-format reply.

Introduction:

Good afternoon, my name is Olga Ulybina. I am a Russian student studying development of the Russian forest sector. I am originally from St. Petersburg; this is why it is a pleasure to come over here to conduct this research. Thank you for accepting to spare time to talk to me. I would like to assure you that all the information I will obtain through this interview will be kept in full confidentiality. The data will be used only for the sake of this research and will not be given to any third party. Please feel free to refuse answering any question or say that you do not know the answer if you do not have the requested information. Please feel free to ask for any clarification in case the question is not clear. I am hereby signing this consent form to ensure my abidance by the ethical rules of social science research. Can I record/take notes during the interview to write down your exact answers?

Personal details:

1. Interviewee's name
2. Location
3. The sector: private company / federal / regional / local administration / state agency / NGO / local population / indigenous people / position in a company/organisation

Say: I am interested in your opinion on what impedes or facilitates development of the forest sector in Russia today. Let us talk about changes that you have seen in the recent years in your work and in the work of your department.

There follows an in-depth interview where I am asking questions about changes that the interviewee mentions: how these changes were implemented, who initiated these changes, what implementation difficulties they faced on their way, who supported these changes, how these changes related to the existing institutions, etc.

The following questions are asked:

Could you possibly tell a little bit more about your job?

Have you seen any changes in your work in the last, say, ten years?

Are these changes totally new to the sector or did such procedures exist in the Soviet times (e.g. corporate social responsibility)?

Why are these changes taking place?

How do you benefit from these innovations?

Question to harvesting companies / leskhozoes: Why have you introduced these changes?

Depending on who the interviewee is, I am also asking the following questions:

1. Current state forest policy

How do you see goals of the current forest reform carried out by the state?

Who is going to benefit from the new legislation and recent changes?

How do you benefit from the new Forest Code?

Did you feel legislative reforms of 1993, 1997, 2004-2007 changed forestry practices?

If yes, what in particular? In what way did practices of your company change with regard to these reforms?

Why was the new Forest Code 2006 necessary?

What are the main positive sides of the current reform?

Reform is still in progress. Where do you feel are the main difficulties for reform?

How well is forest legislation enforced?

Did you contribute in any way to the design of the new legislation?

Did you feel your interests were taken into account in the forest reform?

Has the number of legislative acts changed?

Have the laws become more transparent?

Have you seen any tangible results of federal forest programmes recently?

2. Forest certification

Why have you decided to carry out certification of your company?

What has been changed as part of certification process?

When trans-national standards / practices are transplanted into Russia, how are they modified?

In what way does certification help to deal with illegal logging?

How was the nature of stakeholdership considered earlier and now that certification comes in?

What were the main difficulties during certification process?

Do you think certification could make up for a full-fledged forest policy and control?

Have you found any support for certification from the regional / local authorities?

Do you see any changes in attitudes (of the local population / business / state authority) towards certification?

Does certification lead to implementation of the same practices and to the same extent at different companies?

What do you expect from certification?

Question to private companies: How would you describe your relationships with the local population?

3. Model forests

Question to private companies and state agencies: Do you use experience of Russian model forests on your leased territory? If yes, in what way? If not, why so?

How would you describe the role of model forests in Russia?

Question to model forest organisers: Could you tell more about your negotiations with state agencies?

How would you describe attitude and behaviour of the state concerning innovations you have been trying to introduce?

Have you seen any differences in attitude and behaviour at the federal / regional / local level?

What are the main drivers behind model forests in Russia?

4. The Role of NGOs in the development of the Russian forest sector

Questions to non-NGOs actors: Do you interact with NGOs? If yes, in what way?

How do you benefit from cooperation with NGOs?

Can you give an example when actions and protests of NGOs succeeded in bringing about change?

Can you provide an example of cooperation between NGOs and state forestry bodies?

Questions to Russian NGOs:

How do you cooperate with international NGOs, if at all?

What methods do you use to persuade state agencies to introduce proposed changes?

What techniques do you use in order to influence local business?

Is the state willing to listen to your opinion?

Has their attitude been changing recently?

Are there differences between regions? If so, why?

How would you describe your relationship with the private sector?

5. Changes brought about by foreign companies

What projects are currently carried out by the company in order to enhance its economic, social and environmental positions?

Could you provide any examples of new methods and practices you have been introducing in your company in Russia?

What did it involve to bring operations of your company in Russia in compliance with international standards?

Do you see any differences in the way international and Russian timber companies work in Russia?

How do you (as an international company) go about contradictions between internal corporate regulations and Russian legislation / common Russian practices?

Are the innovations you introduce supported by state forestry agencies, local administration, NGOs, local population, other harvesting companies?

Do you (as a foreign company) cooperate with local universities and research centres?

Do you share your experience with other companies?

Question to a Russian company that became a subsidiary of a foreign company: Is there exchange (of experience, technology, practices, knowledge, etc) with foreign subsidiaries of the company?

Do staff of the company participate in educational trips, environmental training programmes, or exchange programmes with other (foreign) companies?

Question about innovations introduced by foreign harvesting companies: What are the weak points of implemented systems when introduced in Russia?

How strong an influence do large international (logging and timber buying) companies have on the Russian public authorities?

6. Interactions, cooperation and networks

Do you cooperate / unite with other companies in order to implement innovations?

How do you assess the results and impact of FLEG / FLEGT processes?

7. Attitude of the state to non-state innovations

Do state agencies help to implement innovations?

How do they contribute to such projects?

In what ways do they encourage companies to introduce responsible environmental and social policies?

Does the state interfere in interaction of different non-state actors?

Are there any changes in the state forest policy as a result of certification and activities of NGOs, as well as foreign companies operating in Russia?

Question to state officials: Why are numerous forest management responsibilities delegated to private companies?

Closure

Thank you very much again for your time, I really appreciate your help in answering these questions and I hope that my research will eventually help point out main obstacles in the way of intensive and innovative development of the forest sector. I reassure you of the confidentiality of these answers.

Appendix C. Major Forestry Laws

1703 (Peter I)	Order to conduct a comprehensive forest inventory along rivers
1704, 1717, 1718	Decrees about inviolability strict reserves: private logging was banned in certain distances from rivers, regardless of the property rights structure. Oak forests of some areas were designated as preserves and were permitted to be cut only for state needs. The supreme penalty for oak logging (where trees were suitable for shipbuilding) was death penalty, later substituted by hard labour. For theft of oak dead wood, one was to be sent to a penal colony.
1719	Forest management became a jurisdiction of the Admiralty Collegium. A special department of forest rangers (waldmeisters) established.
1722	Decree on Forest Masters – the role of forest masters introduced in all major forest regions.
1722	Oberwaldmeister Instruction. Management of all forests was put under control of the Admiralty. Oberwaldmeister headed forest management and was subordinate to the Admiralty. Immediate forest management was delegated to waldmeisters (appointed from nobility and landlords living close to the forest). The Oberwaldmeister Instruction also included new rules and penalties concerning illegal logging: for each felled tree, one was obliged to pay the fine of five roubles, of which two roubles went to the exchequer, and the other three – to the forest ranger who revealed the crime. Forest arson was penalised with death penalty. Corrupt waldmeisters and forest rangers were penalised through cutting out of nostrils and hard labour.
1726 (Catherine I)	Oberwaldmeisters' Instruction was repealed, and conservation areas were limited.
1727, 1729 (Peter II)	Several forest protection acts issued - resembling those of Peter I
1730, 1732 (Anna Ioannovna)	Waldmeisters were reinstated (as under Peter I).

1732	Forests were declared to be under protection within 100 versts from large rivers and 25 versts from minor rivers. Fines were increased, and death penalty for arson was reintroduced. Instruction about forest cultivation for the needs of the fleet, as well as Rules of ship-building forests management. Forstmeisters were invited from Germany.
1762 (Catherine II)	The Nobility Freedom Act, according to which gentry were exempt from obligatory state service. The act annihilated the position of waldmeisters, which used to be occupied by nobility.
1766	Decree about a general forest survey, which resulted in the first reliable maps of government forest estates.
1782	Decree granting full private property rights to private forest owners and thus reintroducing unlimited logging in private forests, as well as free timber trade (previously state monopoly).
1786	The Draft Forest Charter - the development of scientific rules for forestry. The main idea was to manage forests differently depending on regions and tree species. Public forests were divided into three belts: norther, middle and southern.
1798 (Paul I)	The Forest Department was established – under the Admiralty Collegium.
1798, 1799	Decrees raising fines on illegal felling and introducing immediate legal proceedings in cases of forest crime. Restrictions on timber export. Reinstated the roles of oberforstmeisters and forstmeisters.
1802 (Alexander I)	The Forest Charter was adopted. It pursued three major goals: protection of forests; efficient organisation of timber supply; raising profitability of forestry in heavily forested areas without endangering the livelihoods of people
1802	The Forest Department moved from the Admiralty to the Ministry of Finance.
1826	Statute ‘On the new organisation of the forest division’ (O novom ustroystve lesnoy chasti). It established lesnichestvos (i.e. limited forest areas for systematic and planned forestry activities to be carried out by foresters), i.e. the beginning of forest management proper.
1811	Department of State Properties was established, and forest

	management was entrusted to two divisions of the newly established Department. This transfer initiated the decentralisation of forest management: forests were separated according to specific purposes - for salt production industry, ship building, monasteries, cities, mining works, etc. So, forests were in double subordination – to forestry authorities (independent oberforstmeisters and forstmeisters) and those departments they were associated with.
1839 (Nicholas I)	The Statute on Forest Corps organised the Forest Department in a military way. The staff of the Corps of Foresters included general, colonels, lieutenant colonels, majors, captains, etc.
1888 (Alexander III)	The Resolution on the Preservation of Forests (<i>Lesookhranitelny zakon</i>). The Resolution recognised the role of the forest in protecting nature in the state and public interest. It included the concept of conservation forests.
1917	Decree On Land, which established that forests of state importance were to be transferred to exclusive state use (nationalised), and all small forests were to be transferred to the use of communities under the condition that local municipalities would manage those.
1918	The Decree on Forests, aka Main Law on Forests (<i>‘Osnovnoy zakon o lese’</i>) stated free access to forests and equal rights to all citizens to use forests with temporary payment of stumpage fees, and to secondary forest products. The Decree made provisions about duties and responsibilities of all citizens to contribute to forest reproduction and protection.
1923	Forest Code of the Russian Soviet Federative Socialist Republic was passed to deal with drought and introduced new concepts of forest management, such as the forest fund ⁷² .
1943	The forest fund was divided into three groups in accordance with their economic and ecological value. Each group was assigned specific type of forest use and system of felling.
1948	The Plan for Planting Field Shelterbelts..., aka Stalin’s Plan of

⁷² The concept of forest fund includes area covered with wood and brush; unforested area that is designated for forestation; and area designated to support the needs of the forest industry

	Nature Transformation, which triggered large-scale forestation (planting forest belts as windbreaks).
1977	Principles of Forest Legislation of the USSR and Union Republics (<i>Osnovy lesnogo zakonodatelstva SSSR I soyuznyh respublik</i>) reflected continuation of the previous policies adopted after 1917
1993	Principles of the Forest Legislation of the Russian Federation (<i>Osnovy lesnogo zakonodatelstva RF</i>) were designed on the basis of the new Russian constitution. For the first time after many decades, the principle of sustainability was reflected in legislation. The law separated management of the forest fund from management of operational harvesting.
1997	Forest Code of the Russian Federation formulated goals of forest management as: rational and sustainable use of forests, forest conservation, protection, and reclamation based on the principles of consistent management and preservation of biological diversity of forest ecosystems, and maximization of the ecological and resource potential of forests.
2006	The new Forest Code of the Russian Federation revised several major concepts and principles of forest management prompted by the developing market economy. For more details please see chapter five.

Source: Author's own compilation based on Vrangeli (1841), Shelgunov (1857), *Zakonodatelnye Akty Petra I* (1745), and recent legal acts as listed in the Bibliography.