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Abstract

On the basis of in-depth case studies of four Russian regions, Kirov and Voronezh oblasts and Krasnoyarsk and Perm' krais, the trade-offs among social and economic policy at the regional level in Russia are examined. All four regional governments seek to develop entrepreneurship while preserving social welfare obligations and improving compensation in the public sector. Richer regions have a greater ability to reconcile social commitments with the promotion of business. Regions differ in their development strategies, some placing greater emphasis on indigenous business development and others seeking to attract federal or foreign investment. Governors have considerable discretion in choosing their strategy so long as they meet basic performance demands set by the federal government such as ensuring good results for the United Russia party. In all four regions, governments consult actively with local business associations whereas organized labor is weak. However, the absence of effective institutions to enforce commitments undertaken by government and its social partners undermines regional capacity to use social policy as a basis for long-term economic development.