GLOBAL ASSEMBLAGES

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Technology, Politics, and Ethics as Anthropological Problems

EDITED BY

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AND

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BUDGETS AND BIOPOLITICS

STEPHEN J. COLLIER

In the past 30 years, neoliberal technologies have spread to ever more domains of state administration.[1] This process has reconfigured contemporary forms of what Michel Foucault called "biopolitics," understood as "the endeavour . . . to rationalize the problems presented to governmental practice by the phenomena characteristic of a group of living human beings constituted as a population."[2] The present chapter examines neoliberalism and biopolitics through an exemplary instance – public-sector budgetary reform in post-Soviet Russia.

In the Russian context, neoliberalism works to rationalize and reform a distinctive form of collective existence – the Soviet social[3] – composed by specific mechanisms of economic coordination and social regulation. This process of rationalization and reform is often understood as one of marketization, through which amoral mechanisms of quantitative calculation replace the Soviet moral economy of state activity and social organization.

The picture that emerges in the following analysis of budgeting is different. The central distinction between the institutions of Soviet biopolitics and the forms proposed by neoliberal reform in the budgetary sphere are not to be found on the level of *values*. Both share the basic value-orientation of biopolitics (that the state should foster life) and the basic orientation of social citizenship (that citizens are entitled to equal claims on state resources). Rather, the distinction is to be found on the level of the *technological mechanisms* through which neoliberalism seeks to rationalize and reengineer the institutions of Soviet social modernity. Reforms seek to re-inscribe existing values. Specific technical concepts are preserved but reworked, value orientations are recoded into new forms of management, as existing institutional forms are reengineered through a process of what Ulrich Beck has called "reflexive modernization."

Belaya Kalitva and Great Transformation

I begin this investigation from an industrial city, Belaya Kalitva, in which I have conducted long-term fieldwork in Russia. Belaya Kalitva is located at a picturesque confluence of rivers on the northeastern edge of the Donbass coal basin in Rostov *Oblast'* (or region), north of the Caucus Mountains in southern Russia. At first sight, Belaya Kalitva appears more an idyllic rural town than a socialist (or decaying post-socialist) industrial city. Its neat downtown faces pretty white-rock bluffs, beyond which the buildings of a former collective farm are visible. Clusters of concrete apartment blocks stop abruptly at fields. The hulking buildings of industrial enterprises stand not far from garden plots.

For the entirety of its urban and industrial history, Belaya Kalitva has been based on a single industrial enterprise – still referred to locally as "our" city-forming (*gradoobrazuyushchee*) enterprise – the Belaya Kalitva Metallurgic Factory. In the Soviet period, the factory was not just the city's most important employer and largest contributor to the local budget. It was, moreover, the organizational and financial center of a sprawling urban infrastructure and a network of social services that plugged mechanisms for meeting the daily needs of the local population into national material flows and mechanisms of regulation. Secured by the certainties of national coordination, the city of Belaya Kalitva was, thus, composed as a remarkably stable assemblage of elements that constituted a distinctive form of human community, one that is more broadly typical of Soviet social modernity.[4]

With Soviet break-up, this assemblage came undone. Industrial ministries collapsed almost immediately, destroying old mechanisms of administrative coordination. Production at Belaya Kalitva's aluminum factory sputtered along at only a fraction of Soviet levels through the late 1990s, leading not only to a precipitous decline in industrial employment but also to a steady deterioration of the social systems and urban structures that it had supported. Local economic decline led, in turn, to mounting arrears in public pensions and in wages for health and education workers, categories of payments whose importance for local households had grown dramatically through the 1990s as industrial employment collapsed.

Many observers have seen this situation in terms of a grand civilizational battle, which they cast as what Karl Polanyi called a "great transformation."[5] On one side stands the substantive reality of cities such as Belaya Kalitva: the concrete material structures, the productive apparatus, a collection of human beings, systems of social welfare, and instituted processes of social interaction. On the other side stands the market, which replaced the myriad allocative systems of Soviet socialism with a single logic: supply and demand.[6] Observers disagree, of course, on the *value* of this process. Those suspicious of neoliberalism – whether embodied in free trade agreements, structural adjustment lending, privatization programs, or welfare reform – point to the inhumanity of neoliberal reforms: people versus profits; markets versus society. Triumphalists entertain fantasies, as Polanyi once said, of "self-regulation and harmony." What these positions share is an understanding of the stakes of neoliberal reform in terms of Polanyi's characterization of the insistent *sine qua non* of market society: that *all* factors of production should be organized as commodities.[7]

And indeed, at one level the Soviet case would seem to pose this epochal tension – markets versus the existing substantive organization of society – in particularly stark terms. In no other case did state administration so deeply shape the forms of modern social life as in Soviet Russia, creating a universalistic web of social welfare for human populations concentrated in comparatively small industrial cities that were distributed over a vast territory. In no other case were these forms sustained for so long in the face of deepening systemic crisis. And in no other case is the fate of such a well-established and stable form of modern urban–industrial life so starkly in question in neoliberal times.

But do these images capture how the fabric of human communities is at stake in neoliberal reform? In the discussion that follows, I propose to answer this question by means of a detailed technical analysis. My starting point is Nikolas Rose's observation that neoliberalism has a certain *formal* character.[8] It is concerned with increasing formal rationality, which refers, following Weber, to the extent of quantitative calculation that is technically possible and actually exercised in determining the allocation of resources in a given society or social system. Neoliberal technology thus operates according to allocations that are determined not through centralized command-and-control decisions but, rather, through the autonomous choices of formally free and calculative actors, whether these are individuals, collectivities, or organizations. Neoliberalism works, in short, on a rationality of a market *type*, although this does not mean, as I argue below, that it involves marketization *per se*.

But this "formal" definition only takes us so far. Just as Weber noted that the "formal rationality of money accounting does not reveal anything about the actual distribution of goods," the formal rationality of neoliberalism tells us nothing about its relationship to the *substantive* form of human communities.[9] Thus, to restate the goal of this chapter in these technical terms, we require a clearer understanding of how the *formal rationality* of neoliberalism transforms the relationship of state administration to the *substantive forms* of human community.

Budgetary Technology

To investigate this question, I examine a technology that is in many ways exemplary of neoliberal reform – the budget – in the domain of state administration. In other words, we are concerned with the public-sector budget or the system of public-sector finance. I first became interested in public-sector budgetary reform on a field trip to Belaya Kalitva in 1999. During the obligatory pass through the offices of the regional government (where letters often have to be signed and permissions granted for fieldwork to begin), a colleague and I met with the head of the budgetary office of Rostov *Oblast'*.

The head of the budgetary office was, first of all, a woman. The circumstance was hardly exceptional. In the Soviet period, finance was a relatively unimportant secondary occupation. It was the allocation of things rather than the allocation of rubles that mattered. But this was not a typical Soviet budgetary worker. A forceful and fast-talking reformer, she described to us plans for the transformation of interbudgetary relationships in the region: the laws, regulations, and procedures that govern the system of taxation, spending, and revenue distribution between the regional budget and local budgets. From her perspective, the problems to which reform had to address itself were clear enough. The Soviet Union had accumulated social commitments in cities such as Belaya Kalitva that were massively out of proportion with the fiscal realities of post-Soviet Russia. Further, the inherited budgetary system stunted tax collection and led to distortions in decision-making by local government officials. Though the social "needs" of poor cities could not simply be ignored, it was impossible to sustain the old system through which social norms drove expenditures without regard to the fiscal capacity of the state or of local governments.

The program for reform promoted in response was not a local creation. It was, rather, the complex product of one of the new networks of technocratic knowledge and governmental activity that have emerged in post-Soviet Russia in neoliberal times. The reforms were formulated by a Georgia State University (U.S.) project on tax reform, funded by USAID.[10] The project is located in Moscow and staffed largely by Russian experts. The Russian Ministry of Finance adopted the proposals in recommendatory status, but implementation remained the prerogative of local government.

The details of the reform are discussed below. Preliminarily, it will be useful to say a bit more about the specific character of the budget as a technology, on the one hand, and, on the other, about the public-sector budget as a mechanism of modern biopolitics.

The budget is in many respects paradigmatic of neoliberal technologies of reform and, more generally, of formal rationalization.[11] A budget – whether that of an individual, a collectivity, or an organization – is a nexus of choice concerning revenues and expenditures expressed in quantitative, and thus calculable, terms. As Weber pointed out, the "budgetary" decisions of a capitalist enterprise present an ideal type of formal rationalization. *Ideal-typically*, the cost of both inputs and outputs are expressed in quantitative (money) terms. *Ideal-typically*, the value of these inputs and outputs is determined only by effective demand. *Ideal-typically*, decisions made by this special kind of actor – the enterprise – are based only on the formally free, calculated disposition of available means that yields the greatest possible return.[12]

Viewed from this ideal typic perspective, it is apparent that the public-sector budget presents a special case. Public-sector budgeting is not undertaken by wholly independent organizations. Rather, it takes place in a distinctive institutional context, namely the state apparatus, articulated both by *intra-bureaucratic* relationships and by *political* relationships (usually defined constitutionally) between different levels of government. Moreover, public-sector budgeting is not oriented toward profit and loss. Rather, it is oriented to the distinctive biopolitical goals of state administration – the health, welfare, and conditions of existence of national populations – whose historical emergence was intimately connected, in most countries, with the massive expansion of the size of the state fiscal mechanism over the course of the 20th century. As public-sector expenditures grew to a substantial percentage of the gross domestic product of national economies (between 30 and 70 percent in advanced industrial countries), public-sector budgets became – and remain – one of the central allocative mechanisms in modern societies.

Since the fiscal crises of large welfare states beginning in the early 1970s, and proceeding through successive debt crises in Latin America, Africa, and the former socialist bloc, public-sector budgets have become critical sites of neoliberal reform. Since budgetary reform involves systems that are critical to the satisfaction of human wants, fiscal reform is a critical point of contact between techniques of formal rationalization and the core institutions of modern biopolitics. The contemporary relationship between budgets and biopolitics is, therefore, a fateful one. To understand how, and in what sense, it will be necessary to add to the *formal* description of budgetary technology an understanding of the distinctive institutional setting and normative orientation of public-sector budgeting in a specific context. To do so, we will have to inquire further into the structure of Soviet social modernity through the Belo-Kalitvaen mirror.

Social Modernity in Belaya Kalitva

The industrial, though not urban, history of Belaya Kalitva began in the middle of the 19th century, when the "city" consisted of small concentrations of population in coal-mining settlements arranged around a minor Cossack *stanitsa* or administrative center. In the early years of the Soviet period, an expansion of industrial activity was planned on the basis of an aluminum factory that was to be associated with defense aviation. Construction began just before World War II, was interrupted by Nazi occupation (the foundation of the unbuilt enterprise was used as a German prison camp), and then completed after the war. Major population growth ensued, as peasants from the surrounding *khutery*, or small rural homesteads, joined a smaller number of technical experts from large cities and returnees from the front to build a new enterprise and a new city.

As in virtually all the new industrial cities of the Soviet Union, the industrial, urban, and social development of Belaya Kalitva was initially unbalanced.[13] In 1953, when the first workshops in the aluminum factory were completed the "city" was composed of a handful of barracks, some "social" facilities (two early schoolhouses and a hospital), and a small cluster of attractive residential buildings. The broader focus of postwar reconstruction efforts, however, was overwhelmingly on industrial production. Even late as the early 1960s, Belaya Kalitva remained very much a rural industrial settlement.

The situation began to change dramatically only in the mid-1960s, when the first general plan for development of the city was completed. The plan, composed by a design institute in Leningrad, was the product of the paradigm of Soviet urban planning called city-building (*gradostroitel'stvo*).[14] In contrast to urban planning in western Europe, which dealt with comparatively limited questions of land use, utility provision, and transportation planning, city-building was a comprehensive paradigm for the planning, construction, and management of every element of a socialist urban community. Given city-building's centrality as a template for Soviet biopolitics, a brief review of the planning process itself will be instructive.

The logical movement of the Belaya Kalitva plan proceeded from a series of decisions made in advance about the city's industrial base, most importantly the metallurgic factory, the coal mines, and a handful of smaller unbuilt enterprises whose profiles were initially unspecified. This industrial base, in turn, yielded a population of city-forming personnel (*gradoobrazuyushchii personal*) that included the workers at industrial and support enterprises such as inter-urban transportation facilities directly associated with industrial production.

Departing from this figure, a city plan determined all the possible substantive elements of a human community, calculated by means of what I call *biotechnical norms*.[15] These norms allowed city-builders to use a baseline figure for city-forming personnel to derive a figure for a general (laboring and non-laboring) population. The size and age structure of this population, in turn, was used to derive an integrated plan for the totality of substantive elements of a city required to satisfy local needs, including transportation and utility infrastructures, the housing stock, and education, health, and leisure facilities.

In each of these substantive areas, further hierarchies of biotechnical norms specified the details of an apparatus of service provision or material infrastructure. Thus, to take the example of education, relatively simple coefficients (literally, multipliers) made it possible for planners to move from a population of a certain size and age structure to a number of school-age children to a number of classroom units. Further norms defined the concrete components each classroom unit would require: buildings, teachers, utility services, textbooks, supplies. A general plan incorporated these complex hierarchies of norms into a single comprehensive vision that included all the possible contents of a city, including doctors, hospitals, schools, pipes, roads, public baths, parks, buses, teachers, schools, boilers, and water purification facilities. The city plan included, in short, all the possible elements of Soviet urban life.

Normed Needs and Fiscal Flows

How did budgetary institutions fit into this planning apparatus? For the most part, and particularly in smaller peripheral cities, plan implementation was the prerogative of industrial ministries. Thus, in Belaya Kalitva, the metallurgic enterprise financed construction of most of the housing stock and of most social facilities. However, a broad range of social services was financed through the system of budgetary organs organized by units of territorial administration. We can refer to these expenditures as belonging to "local" budgets.

Formally, administration of these local or territorial budgets was organized through a system of "dual subordination" (*dvoinoe podchinenie*): to the Ministry of Finance, on the one hand, and, on the other, to local soviets (the "political" organs of territorial administration). In fact, local soviets had limited control over expenditures and none over tax policy. Particularly in small cities, in which local administrative entities were weak compared to industrial enterprises, the Ministry of Finance controlled local budgets.

The structure of the Ministry of Finance formed a single "consolidated" budgetary system that included all-Union, republican, regional, and local (municipal and rural) budgets.[16] The bureaucratic logic of distribution among budgets within this system was based – ideally – on roughly the same structure of social norms that pertained in city plans. Financing norms allowed the translation or coding of normative levels of service provision (for health, education, leisure) into ruble equivalents. These ruble equivalents, in turn, were aggregated. The result was a definition of budgetary *potrebnosti* or "requirements" – a critical concept in Soviet budgeting that provided a quantitative expression of the aggregate social "needs" of the population of a given locality.

In the final step of the budgetary process, these "requirements" formed the basis for the redistribution of resources through a logic of "gap-filling." Higher-standing offices in the Ministry of Finance acted through adjustments of revenue-sharing mechanisms (tax assignments) and through interbudgetary transfers to close the gap between actual revenues for a lower-standing budget and the norm-defined "requirements" for the unit of population to which it corresponded. The logic, in theory, was straightforward: normed needs drove fiscal flows.

It was never the case that budgeting produced exactly the results that planners expected. Chronic delays in capital investment introduced myriad distortions in urban development. The imperative to provide current financing for existing facilities tended to drive expenditure decisions, thus perpetuating some imbalances in service provision across national space.[17]

Nevertheless, if we view Soviet budgeting not from the perspective of the ideality of plans but from the perspective of a comparative inquiry into the forms of social modernity, this idealized picture captures key elements of Soviet biopolitics. Through the bureaucratic concept of "requirements" (*potrebnosti*), a given human community such as Belaya Kalitva *showed up* in the budget both as a *planned future* and as an *already existing reality* of human beings, buildings, social facilities, and utilities that required wages, gas, heat, construction materials, and so on.

What is crucial for our consideration of neoliberal reforms is that this system of *budgets* was not, in Rose's sense, *budgetized*. The choices of relatively autonomous nodes of calculation had no role in public-sector finance. Calculation occurred at an aggregate level, and any given "budget" was only a *unit of account* for biotechnical norms that formed a basis for central calculation. The budgetary process was a mere adjunct of the system of substantive planning. The latter system inscribed national space materially, demographically, administratively, and institutionally, producing stable relationships among economic organization, human populations, and an apparatus of social welfare.

Despite the glaring distortions and shortcomings of the planning system, the distinctive "success" of the institutions of Soviet social modernity – ultimately Pyrrhic as it may have been – is undeniable. Belaya Kalitva can stand as an exemplary case. Over the course of the past 30 years of the Soviet period, a form of human community emerged that can only be understood in terms of the norms and forms of city-building. First brick and then concrete apartment blocks were constructed, replacing the individual houses of the early post-World War II period. Urban infrastructure was universalized. Daily life was linked to national systems of resource flow, and an increasingly uniform set of urban goods and social services was extended to the population. Through a process that continued to the onset of *perestroika*, the mechanisms involved in the material satisfaction of daily wants were systematically wrapped up in state administration. Budgeting inscribed the body biopolitic.

Adjustment

With Soviet break-up, the guaranteed need-driven financing that secured cities such as Belaya Kalitva in national systems of economic coordination collapsed. A yawning gap opened between normative levels of provisioning and the resources available to local governments. The specific novelty of this crisis is notable. What was new was not the problem of shortage *per se*. The Soviet period was far from one of abundance. Material scarcity was pervasive, whether manifest in a shortage of goods and services, or in the simple inability of public-sector employees to buy anything they wanted with wages that were paid, always in full, and always on time. The Soviet problem was not a shortage of *money* but a shortage of *things*. In the post-Soviet period as money attained real value, and all material things could be had – at a price – these material shortages became fiscal shortages.[18] The crunch was particularly acute for local governments, which were trapped between collapsing revenues and an increased expenditure burden, as many items of social provisioning that had been financed by industrial enterprises were transferred to local budgets.

Precisely this kind of imbalance led to the articulation of "adjustment" as a paradigm of social transformation. When they were initially introduced, particularly in Africa and Latin America, adjustment policies addressed the exigencies of fiscal crisis and hyperinflation, and were focused on fiscal stabilization and de-statization of mechanisms of economic allocation. As such, these policies departed dramatically from the "classic" developmentalism of the post-World War II period. Classical developmentalism was "substantive" in that it concretely planned transformation in terms of the detailed arrangement of the material, demographic, productive, and social elements of a given community. "Adjustment" policies do not envision a concrete process of substantive transformation. They are formal in the sense that they propose transformation organized not through substantive planning but through the calculative choices of formally free actors – a rationality of a market type. Thus, to take one paradigmatic general statement of the approach, in a talk on Russia in the early 1990s, Jeffrey Sachs defined neoliberal "adjustment" as the "initial allocation of productive factors after the introduction of market forces."[19]

But a closer look at actual proposals for managing post-Soviet transformation indicates that adjustment does not simply imply marketization. In fact, neoliberal technologies function in a range of domains of reform. "The market," as such, is only a special case. Thus, the World Bank's first general strategy document for Russia, issued in 1994, defined a program for *fiscal adjustment* focused on the public sector. Most generally, it sought to bring the federal budget closer to balance and to curtail inflationary spending or lending on the part of the federal government, two measures considered crucial to the emergence of market-driven growth. Beyond that, however, the report laid out a program for a broad reengineering of the state role in society, a broad reengineering, that is, of the biopolitical field.[20]

The report identified five central components of the fiscal adjustment strategy. These included taxation policy, industrial subsidies, communal services and housing, the social safety net, and interbudgetary relationships.[21] In some cases, such as the removal of industrial subsidies and the relaxation of the tax burden, the purpose of reforms was simply to replace state mechanisms of allocation with the decisions of autonomous "private" actors. In other areas – social welfare, interbudgetary finance, and communal services – reforms propose a more complex reengineering of the state role in social and economic life.

The Bank report did not articulate actionable programs for reforms in any of these areas. Stabilization and privatization were the focus in the early years of post-Soviet transformation. As the 1990s progressed, however, attention turned to these other domains of reform. In this context, the Georgia State project emerged as the most important and systematic technocratic effort to invent a new form of interbudgetary fiscal relationships.

Budgetary Reform

The Russian Ministry of Finance adopted the Georgia State program in 1999, under the auspicious title *Methodological Recommendations for the Regulation of Interbudgetary Relationships in Subjects of the Russian Federation*.[22]

Recommendations poses a series of questions that were simply unthinkable in the context of the Soviet system: Can Russia afford to support the existing level of social provisioning? What compromise between fiscal balance and the financing of social services is appropriate? What calculations or systems of value will determine which substantive ends can be sacrificed? Who will make these decisions? Do the welfare guarantees of Soviet social welfarism undermine the efficiency of public administration? Most broadly, what is the impact of the budgetary system on (market) allocative mechanisms in the economy? These questions emerged as part of a now-familiar pattern of critique and reform, which sought to wrap itself around the Soviet budgetary system, to disembed specific values, mechanisms, institutions, and routines from the broader structure of Soviet social modernity, and to rationalize and reform it.

Recommendations begins from an assessment of the system of interbudgetary relations as it stood in the latter part of the 1990s, when the project undertook detailed study of several regional budgetary systems. After ruble stabilization in 1994, the finances of most local governments in Russia collapsed, and public-sector payments and services were in crisis. Yet the basic logic of the budgetary system changed little. Following the old Soviet pattern of gap-filling, the report notes, regional budgetary offices "attempt to make up, from the regional budget, the difference between tax and nontax revenues of the local budget in a given year and its 'requirements'."[23] The reference to the old Soviet term "requirements" – *potrebnosti* – is significant. Material shortage had become fiscal shortage. The disjuncture between the fiscal capacity of the public sector and social commitments baldly confronted budgetary decision-makers at every level, no longer as a complex of particularistic shortages in this or that good or service, but as the simple quantitative difference between revenues and expenditure needs. And yet local governments did not respond by adjusting the range of goods and services they delivered. Nor, for that matter, did they adjust their understanding of expenditure need.

The consequence was that as objects of government localities continued to show up as units of accounting for biotechnical norms, as simple aggregations of needs: for heat, for medical supplies, and salaries. *Recommendations* continues:

> [T]he administrative units of the subjects of the federation [regional governments] see the local budget as lists of expenditures [*smety raskhodov*] of an administrative–territorial unit. On the regional level, they not only produce the most detailed norms for budgetary expenditures, including for the administration of local administrative organs, but they also take decisions on the types and levels of local taxes.[24]

Beyond the basic failure to confront the imbalance between expenditure commitments and revenues, *Recommendations* identifies two central problems with the inherited system of budgeting. First, it produces a number of perverse incentives in the management of the fiscal system. Lacking an incentive to increase tax collections (since any marginal increase in taxes collected locally would be effectively distributed among other localities in a given region, and since increased local collections were likely, as in the old system, to simply decrease the level of transfers), local governments do not pressure local enterprises to pay taxes in full and do not adjust expenditure commitments in line with fiscal capacities. Lacking accountability for expenditure decisions, local governments have little incentive to improve service delivery.

Second, the system as it stood in the late 1990s had broader negative implications for "adjustment" as a process of market organization of productive factors in the economy. The Soviet system of "gap-filling" supports cities that may prove to be simply nonviable in market conditions. Consequently, the system of public finances distorts the allocation of productive factors (including human beings and the concrete forms of human community) across regional and national space.

Substantive Prerequisites for Formal Rationalization

The first step proposed in *Recommendations* can be conceptualized as a move from a system in which substantive outcomes are programmed in advance to one in which allocations are driven by the decisions of calculative actors. In other words, it seeks to engineer a mechanism of *formal rationalization* of the budgetary system. Formal rationalization in this case does not involve simply removing constraints. Rather, reforms assume that situations of calculative choice are complex products of social technology that constitute what Max Weber referred to as the *substantive prerequisites* (or institutional conditions) *of formal rationalization*.

In his discussion of formal rationality, Weber noted three such prerequisites: first, the clear definition of distinct decision-making units (here, local governments, which will control local finance); second, the formal freedom of decision-making units; and, third, a system of valuation that clearly defines the costs and benefits of concrete choices made by these units.[25]

As *Recommendations* notes, though not in these terms, these prerequisites were absent in the Soviet period when local budgetary organs were not autonomous but were subordinated directly to the Ministry of Finance. In this context, the rights and responsibilities of such organs were ambiguous. The lack of competitive elections, the severe limitations on locational decisions by both enterprises and individuals, and the obligatory nature of most items of local expenditure meant that the accountability of local governments to local conditions or to the quality of local administration was limited. No system of valuation existed to assess the cost and benefits of decisions taken at the local level or in other parts of the system of substantive planning.

The task outlined in *Recommendations* is to constitute the "budgetary individual" – in this case, the local government – as an actor whose rights, responsibilities, and competencies are clearly defined, and to constitute a field of calculative choice in which the incentives of this actor will be more closely aligned with the ends of budgetary management (efficiency, fiscal balance, substantive provisioning). A number of concrete steps follow, some of which were instituted in prior legislation (the constitutional provisions on local government and subsequent national laws on local government and the fiscal bases of local government).

First, in place of the existing practice of shifting the distribution of tax revenues among different budgetary levels in response to budgetary needs, regional governments would permanently assign a certain portion of taxes to the local level. Budgetary "individuals" – local governments – would know exactly what revenues "belong" to them. One advantage is an improved basis for local budgetary planning, since most revenue would be derived from permanently assigned taxes rather than from an *ad hoc* system of transfers. Equally important, governments would know that actions to increase locally collected taxes (by promoting the development of local enterprises or simply pressuring local enterprises to pay taxes) would increase the resources available them.

Second, in contrast to the Soviet system, in which most expenditures were obligatory, local governments would be given the legal right – equally a burden in times of fiscal shortage – to make expenditure decisions.

Third, a system of accountabilities would be created by establishing principles of *valuation* of the actions of local government. In *Recommendations*, two mechanisms are to provide feedback to local governments concerning their use of budgetary resources: first, the process of democratic elections and, presumably, the mobilization of interest groups in the political sphere; and, second, the possibility of mobility on the part of both residents and enterprises who "vote with their feet." Two great modern arenas of institutionalized choice – "politics" and "the market" – are constituted as core technological mechanisms of neoliberal reform.

The implication of these changes would be a fundamental transformation of the mechanisms that govern the adjustments among economic organization, social welfare regimes, and state administration. Let us quickly summarize the essential differences between the Soviet model and the forms proposed by neoliberal rationalization.

In the Soviet period, we recall, the budgetary system was one among a number of regulatory and allocative systems that fixed enterprises, local governments, human populations, and social service regimes in given spatial and institutional relationships. Indeed, as we have seen, the reproduction of these relationships was inscribed in the very workings of the budgetary system itself, which translated normed needs directly into fiscal flows. The vision articulated in the Georgia State report places these elements in motion. They are made to interact with other social subsystems that stand to them in a relation of semi-autonomy, with dramatic though uncertain implications for the transformation of the substantive order produced by Soviet city-building. Enterprises may continue to operate, close, or move, depending in part on their economic viability in market conditions, in part on the local tax regime implemented by the local government. Residents may choose to stay or go, depending on their satisfaction with local services (education, health, and public infrastructure services in particular) and on the availability of local employment. They also may choose to re-elect or throw out local governments that are either successfully or unsuccessfully promoting their interests. Local governments, finally, may choose to adjust levels of service delivery or regimes of taxation in an effort to avoid being thrown out of office.

Thus far, the proposal *sounds* like simple marketization of the state sphere: define individual actors, impose hard constraints, and let the system work itself out through automatic adjustments that result from the autonomous choices of residents, enterprises, and local governments. If municipalities do not have sufficient resources to finance key items of expenditure – basic social services, for instance – let them be cut. If, as a result, cities become unlivable, let inhabitants and businesses move. If cities such as Belaya Kalitva are, thus, abandoned . . . well, the creative destruction of market adjustment is not always pretty but, reformers would argue, has proven better than other historical alternatives. Is it not the case that "marketization" – though, admittedly, a marketization that occurs not through the "freeing" of markets but, as Burchell has argued,[26] through the conscious, purposeful, creation of systems of allocation that function on a rationality of a market type – is precisely the proper description for such a vision? Do we not have to rely on the "enlightened" self-interest of actors to produce felicitous aggregate effects?

Substantive Ends of Formal Rationalization

In fact, we have only examined the first element of the Georgia State proposal. In practice, substantive outcomes are *not* left purely to automatic adjustments. Rather, neoliberal reforms will be oriented to a definite set of *values* or, to borrow another Weberian term, substantive *ends* of formal rationalization. On the most general level, *Recommendations* proposes as a basic value-orientation for the activity of the inter-budgetary system that "every inhabitant of [any given] region has roughly equal requirements for budgetary expenditures and has the right to make a claim on an equal level of services from local government,"[27] a classic value of modern social citizenship.

The difficulty, of course, is that a *guarantee* of equal budgetary expenditures as a kind of social right would reproduce precisely those characteristics of the Soviet system that *Recommendations* calls into question for their effects on efficient public-sector management, and on market allocation more generally. The question is: How can an orientation to certain substantive ends be reconciled with a system that works through a rationality of a market-type?

The mechanism proposed in *Recommendations*, typical of such fiscal reform proposals more generally, is a fund for the redistribution of resources between the regional budget and local budgets that would serve as an additional allocative mechanism beyond the system of revenue sharing. The fund proposed in the Georgia State report is constituted as a definite portion of the total revenues of the *consolidated* regional budget: the sum of revenues of all local budgets plus the regional budget in a given region.[28] Financial resources in the fund would then be divided among local governments on the basis of distribution coefficients. The rub, as we might expect, is in the technical constitution of these coefficients.

Following from *Recommendations*' most general value orientation – that all inhabitants of a region have the right to expect equal levels of public service – it would be possible for distribution coefficients to be based simply on population. The assumption would be that all inhabitants have roughly equal needs, that the "social citizen," who has "equal" rights to a claim on resources, was generic. The distribution coefficient, in this case, would simply be a ratio expressing the proportion of the regional population living on the territory governed by a local government.

In fact, the distribution coefficients reflect a much more complex understanding of "need" for social service provisioning in a given municipality, and a much more finely articulated mechanism for coding the needs of localities as collectivities of biological and social beings.

The coefficient for any given municipality is composed of a series of sub-coefficients that express normatively defined need in a given domain of social provisioning – education, health care, communal services such as heat and water, transportation services, and so on. Some equations for the calculation of sub-coefficients are quite simple. The coefficient for education is derived exclusively from the number of school-age children in a given locality. Thus, one part of any given municipality's "claim" on the distribution fund is constituted as the percentage of schoolchildren in the region that reside in that municipality. Other coefficients are much more complex. Coefficients for communal services – by far the largest category of local government expenditure in most Russian cities – incorporate a range of substantive characteristics of a locality to derive a definition of need. These include the size of the population, the amount of housing heated and maintained by a given organ of territorial administration (usually a vast majority in industrial areas), the local climate (which determines heating requirements), and various technical characteristics of the massive centralized boiler systems that heat Soviet cities (coal versus gas-fired boilers, for instance).

The overall distribution coefficient for a given city is then derived on the basis of these sub-coefficients. It is a composite and quantified expression of need composed of nested hierarchies of biotechnical norms. The logical movement of this technology, thus, proceeds from a certain population to a quantitative expression that captures myriad and diverse human needs. Indeed, the *entire substantive bestiary* of Soviet social modernity – heating pipes, apartment blocks, teachers, doctors, clinics, the climate, and the cost of local resources such as water – are coded into a distribution coefficient. This technical procedure bears a striking similarity to the derivation of budgetary "requirements" in the Soviet period.

Thus, in neoliberal reforms a city such as Belaya Kalitva does not "show up" *merely* as a node of calculative choice, or as a collection of calculative actors, although that is one part of the story. It also shows up as the complex integrated substantive reality that emerged from Soviet city-building. The body biopolitic is reinscribed.

But how, exactly, does this process relate to the actual distributions of resources? In the differences between the technological functioning of Soviet budgetary requirements – *potrebnosti* – and the distribution coefficients proposed in *Recommendations* we find the key to neoliberalism as a biopolitical form. In the Soviet period, the only "technological" translation between social need and budgetary "requirements" was accomplished by means of a cost norm that expressed need in ruble terms. Although this need was not always met materially, the system accepted "requirements" as a definition of the resources to which localities were entitled.

In *Recommendations*, by contrast, the distribution coefficient corresponds not to an *actual* commitment of finances but to a multiplier that defines the *proportion* of a redistribution fund to be transferred to a given city or rural settlement. The redistribution fund is constituted as a clearly defined *and clearly limited* pool of resources.

Gone is the pretense of plentitude, the technological assumption (if not the material reality) that adequate resources will be available to meet normatively defined needs. The "right to make a claim on an equal level of services from local government" is not a guarantee of an adequate level of service provision; indeed, the *absence* of such a guarantee is a *sine qua non* of neoliberal reform. The crucial question is what one *does* with these proportions.

Recommendations notes a range of options for the translation of the coefficients into an actual distribution of resources. At one extreme, a vast majority of the financial resources of a consolidated regional budget may be dedicated to the distribution fund such that per capita expenditures are highly equalized across municipalities. The implication is not necessarily that needs would be met. But expenditures *relative to normatively defined need* would be roughly similar everywhere. Alternatively, a relatively small portion of regional resources can be placed in the fund, in which case expenditures relative to normatively defined need would vary substantially across localities.

Each variant, *Recommendations* notes, will have benefits and disadvantages. Increasing the level of equalization would increase the security of social provisioning. However, equalization entails corresponding "costs" in allocational efficiency of market mechanisms and in the incentives of local governments to increase revenue or to increase the efficiency of service delivery. A relatively less equalizing variant – one in which the distribution fund was composed by a relatively small portion of the consolidated regional budget – would increase the incentives of local governments to raise taxes, to make service delivery more efficient, and to adjust levels of service provision in line with the local revenue base. It would also encourage a broader process of economic "adjustment." Poor municipalities would have to cut services and public-sector employment as effective subsidies to economically nonviable communities declined.

Notably, *Recommendations* does not proscribe a "correct" path among these options. The technocratic task is to create a framework of choice that will clarify the costs and benefits of various options. Choosing among them involves questions of value – a problem of politics, not technology, that must be determined by regional governments. *Recommendations* concludes: "The concrete variation of distribution of financial resources between local budgets should be chosen by regional governments on the basis of the priorities of regional socioeconomic policy and the existing differentiation in the tax base of individual municipalities."[29]

Budgetary (Re)Assemblages: Toward an Anthropology of the Post-Social

As we have seen, reforms of the system of interbudgetary finance were proposed – at least in general form – at the very outset of the post-Soviet period. But in 1999 Rostov was one of only a few regions even considering implementing them. The Rostov proposal was revised, delayed, and, as of 2000, had not been put into practice.[30] The reasons for delay are not hard to grasp. For most of the 1990s the focus of reformers was elsewhere, on the more public battles of stabilization and privatization. Just as importantly, in the austere environment of the middle and late 1990s the choices made brutally explicit by reform proposals may have been simply impossible to swallow politically. It was more palatable, ultimately, to muddle through, to maintain a formal commitment to Soviet levels of social service delivery even as the public sector fell deeper and deeper into debt.

But situations change. The devaluation of August 1998 triggered a recovery of domestic industry in a number of sectors. Of particular local significance was the consolidation of the domestic aluminum industry, which led to a subsequent rebound in local metallurgy that revived Belaya Kalitva in the first years of the 21st century. Industrial recovery was one factor among others that substantially improved the health of public-sector finance.[31] By 2000 arrears in social payments had disappeared in Belaya Kalitva, and had become much less frequent on the national level.

An important consequence of the recovery is that, as of the first years of the 2000s, budgetary reform no longer seemed to place the future of cities such as Belaya Kalitva so starkly in the balance. Movement for reform could also be detected on the federal level, as the World Bank approved lending to support regional reform of the interbudgetary fiscal system in early 2002.

Today such reforms remain, nonetheless, more virtual than actual. But we are now in a better position to assess their potential implications for substantive transformation; to ask, in short, how human communities such as Belaya Kalitva are at stake in neoliberal reform. It should be clear from the preceding analysis that it is not my view that the implementation of further reform – either in the public sector or more broadly – will usher in a "market society" (wherever on earth one might find one of those!) any more than it will finally usher *out* the norms and forms of the Soviet social. At a level of technical detail, neoliberalism does not imply the wholesale replacement of one form of social organization with another. Indeed, the diversity of "variants" of reform outlined at the end of the Georgia State proposal underscores the *substantive* ambiguity of neoliberal reform. The extent to which values, procedures, and existing institutions are reinscribed is not simply a question of implementation versus nonimplementation of reform. It is, rather, a question of the variant of neoliberal reform in question, of the specific *technical* management of the formal rationalization of substantive provisioning by the state.

At the level of social description, then, the process of transformation that concerns us does not seem usefully described as the replacement of Soviet social modernity with a "market society." Rather, what are to be traced are the novel articulations between market-type mechanisms, old biopolitical forms, and the actual substantive fabric of existing human communities. The resulting (substantively ambiguous) reassemblage of the norms and forms of social modernity is exemplary of the process that Urlich Beck has called reflexive modernization: the disembedding of one set of modern social forms and their re-embedding in . . . another modernity.[32] Such an understanding of neoliberalism suggests one way to think about the post-social: not that which comes after the social, but the product of the reflexive modernization of the modern social.

This view of neoliberal reform also has implications for critical studies of development in neoliberal times. If neoliberal reforms incorporate values – and if at least *some* neoliberals demonstrate a carefully self-limiting attitude to the scope of strictly technological interventions – the debates around neoliberalism would have, it seems, to shift from questions of value to questions of technique. Thus, critics who are unhappy with the outcome of neoliberal reform – and the experience of the past decades suggests they should be, as should "neoliberals" – need not produce alternative values. Rather, they should seek alternative proposals for the formally rational incorporation of values in the government of human communities. In other words, critics can intervene not by humanizing neoliberal technology but by engaging in the (neoliberal) project of technologizing humanism: of finding better ways to satisfy human needs with scarce resources.

Notes

1 Elizabeth Dunn, Andrew Lakoff, and Aihwa Ong made helpful comments on this chapter.

2 Michel Foucault, "The Birth of Biopolitics," in Paul Rabinow, ed., *Ethics: Subjectivity and Truth* (New York: New Press, 1997), p. 73.

3 The term "Soviet social" is meant in the sense that Gilles Deleuze speaks of "the social", which he distinguishes from "society" – the object of sociological analysis. "The social," as Deleuze understands it, is specifically constituted by the various bio-technical forms that emerged in relationship to the human sciences and became part of governmental practice through the course of the 19th century in European cases. See Gilles Deleuze, "Foreword: The Rise of the Social," in Jacques Donzelot, *The Policing of Families* (New York: Pantheon, 1979).

4 The idea of "social modernity" is discussed in Paul Rabinow's *French Modern: Norms and Forms of the Social Environment* (Cambridge, MA: The MIT Press, 1989).

5 Karl Polanyi, *The Great Transformation* (Boston: Beacon, 1957).

6 This point is made in David Woodruff, *Money Unmade*: *Barter and the Fate of Russian Capitalism* (Ithaca, NY: Cornell University Press, 1999).

7 Ibid., particularly Ch. 6.

8 Nikolas Rose, "Governing 'Advanced' Liberal Democracies," in Andrew Barry, Thomas Osborne, and Nikolas Rose, eds., *Foucault and Political Reason: Liberalism, Neo-liberalism, and Rationalities of Government* (Chicago: University of Chicago Press, 1996).

9 Max Weber, *Economy and Society* (Berkeley: University of California Press, 1978), p. 108.

10 I am grateful to Andrei Timofeev and Galina Kurlyandskaya for discussing the work of the project with me in 1999–2000.

11 This point, emphasized by Rose in "Governing 'Advanced' Liberal Democracies," is a central concern in the discussion of budgeting and formal rationalization in *Economy and Society.*

12 See especially Weber's discussion of capital accounting in *Economy and Society,* pp. 90–100.

13 See, for example, William Taubman, *Governing Soviet Cities: Bureaucratic Politics and Urban Development* (New York: Praeger, 1973).

14 City-building is a central figure in Stephen J. Collier, "Post-Socialist City: The Government of Society in Neoliberal Times," Ph.D. dissertation, Department of Anthropology, University of California, Berkeley, 2001.

15 Rabinow, *French Modern*.

16 Collier, "Post-Socialist City."

17 See Peter Rutland, *The Myth of the Plan: Lessons of Soviet Planning Experience* (London: Hutchinson, 1985); Taubman, *Governing Soviet Cities*. Nonetheless, these disparities in service provision tended to diminish over the course of the Soviet period. See Donna Barry, *Outside Moscow: Power, Politics, and Budgetary Policy in the Soviet Republics* (New York: Columbia University Press, 1987).

18 Woodruff, *Money Unmade*.

19 Jeffrey D. Sachs, "Russia's Struggle with Stabilization: Conceptual Issues and Evidence," paper presented at the World Bank Annual Conference on Development Economics (Washington, DC: The World Bank, 1994).

20 *Russian Federation: Toward Medium-Term Viability* (Washington, DC: World Bank, 1996), p. ix.

21 *Toward Medium-Term Viability,* p. ix.

22 *Metodicheskie rekomendatsii po regulirovaniyu mezhbyuzhetnykh otnoshenii v sub'ektakh Rossiiskoi Federatsii*. (Ministry of Finance, Russian Federation, Department of Interbudgetary Relationships, 1999).

23 *Metodicheskie rekomendatsii,* p. 10.

24 Idem.

25 See Weber, *Economy and Society*, pp. 107–108.

26 Graham Burchell, "Liberal Government and Techniques of the Self," in Barry et al., *Foucault and Political Reason*, pp. 19–36.

27 *Metodicheskie rekomendatsii,* p. 10.

28 To be precise, the redistribution fund is a proportion of the consolidated regional budget *minus* locally instituted taxes.

29 *Metodicheskie rekomendatsii*, p. 53.

30 I thank Andrei Timofeev for keeping me updated on the situation in Rostov.

31 The others include a felicitous rise in world oil prices and the effects of the devaluation, which also devalued existing social commitments.

32 Ulrich Beck, Anthony Giddens, and Scott Lash, *Reflexive Modernization: Politics, Tradition, and Aesthetics in the Modern Social Order* (Cambridge: Polity Press, 1994).