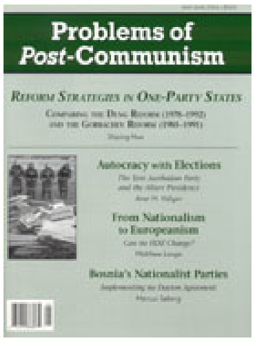

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Institutional Change in Authoritarian Regimes

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Historical institutionalism has demonstrated the value of close analysis of policymaking to explain institutional change. Scholars have distinguished four patterns of institutional change: drift, conversion, layering, and displacement. This paper analyzes pension reform in Russia and China to illustrate institutional change in bureaucratic-authoritarian regimes. While policymaking in both countries takes place almost entirely within the state bureaucracy, in China, state authority is much more decentralized than in Russia. This difference helps to explain the difference in the patterns of policy change that we observe in the two cases: periodic abrupt reversals in Russia vs. incrementalism and layering in China.

INTRODUCTION

Historical institutionalism has demonstrated the value of close analysis of policymaking to explain the outcomes of institutional change. In particular, scholars have distinguished four patterns of change: drift, conversion, layering, and displacement.[1] Institutional drift refers to cases where a particular policy or rule remains constant in the face of substantial change in the environment, as when price inflation erodes the value of an entitlement defined in absolute terms. Conversion modifies a rule to meet new conditions, as when a parametric change in an entitlement program preserves its value despite demographic and economic changes. In layering, policymakers create a new rule alongside an existing one, as when a social insurance plan is supplemented by a tax-advantaged private insurance mechanism. Displacement represents the wholesale abandonment of an old rule in favor of a new one.[2] Historical institutionalism has produced a rich literature analyzing the political dynamics yielding one type of change rather than another.[3]

To date, the bulk of this research has focused on advanced industrial democracies, where policymaking processes are relatively transparent. The paucity of empirical evidence often tempts scholars of authoritarian regimes to fall back on simpler, stylized explanations of policy choices.[4] However, scholars of authoritarian regimes have shown that, in common with their democratic counterparts, political actors in authoritarian regimes routinely engage in the familiar processes of coalition-building and power-sharing, make concessions to retain and build power, and employ formal institutions such as parties, legislatures, and elections to co-opt rivals.[5] These processes inevitably affect policy outcomes. Just as an overemphasis on electoral contests in democracies can obscure the play of power and group interest that shapes actual policy outcomes,[6] so reductionist models of authoritarian regimes may obscure the actual distribution of power and interest that affects the outcomes of policy choice.

This paper emphasizes the importance of the basic institutional setting in which state agencies shape the policy agenda, resolve disagreements, and implement decisions. It uses a controlled case comparison of two bureaucratic-authoritarian states undergoing a transition from a planned to a market-oriented economy, Russia and China. In both, policymaking takes place almost entirely within the state bureaucracy. In China, however, political authority is much more decentralized. This difference, I will argue, affects the path of institutional reform. In particular, it helps account for the often-noted difference between the periodic abrupt policy reversals observed in Russia as institutions are regularly created and discarded, and the incrementalism of reform in China, where new sets of rules are often layered onto existing ones rather than displacing them.[7]

This contrast is clear in the case of pension reform. After a decade of drift in the 1990s, Russia comprehensively overhauled its pension system in 2001–2002 by mandating that a portion of the pension contributions paid by employees and employers would go into private individual retirement savings (*nakopitel'nye*, or accumulating) accounts and the rest into

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pooled notional individual accounts. A decade later, Russia effectively ended the mandatory individual retirement system when it announced that, initially on a temporary basis, it would freeze the pension savings system and divert individual contributions into the state pension insurance fund. The regime then renewed the freeze and diversion each succeeding year. Also in 2012, the regime decided to replace the old defined-benefits system with a new method for calculating individual benefits under which any given pensioner's benefits for a given year would be based on a coefficient taking into account his or her total contributions and adjusted for the current-year solvency of the Pension Fund. In 2017, the regime appeared poised to enact yet another major reform, one that would automatically enroll employees in quasi-voluntary "individual pension capital" accounts; employees would be automatically enrolled but would have the right to opt out. Thus, frequent reversals and replacements characterize the course of pension insurance reform in Russia.

The pattern of pension reform has been quite different in China. Initially, only urban workers were enrolled in contributory pension insurance plans; neither non-employed urban residents nor rural residents were covered by pension insurance. Cadres and other public-sector employees received pensions funded directly from the state budget. However, over the past 20 years, China has reformed the pension insurance plan for urban employees, and created a new, parallel insurance scheme for urban residents, another for rural residents, and, most recently, a fourth scheme for public-sector employees.[8] Also in 2014 the regime formally merged the urban residents' and rural pension programs. In short, over a relatively brief period, China has achieved near-universal pension insurance coverage for all segments of the populace in a series of contributory insurance programs, albeit often at extremely low levels and with benefits varying widely across regions. The pension pools themselves are fragmented: China has around 2,500 different public pension funds for different localities and population categories, Russia just one. Yet China has seen no policy reversals, only the creation and refinement of contributory pension schemes based on defined notional accounts, with social pooling and government contributions, for successively wider categories of the population. What explains the difference in pension reform between the two countries?

Russia and China entered the market reform era with roughly similar pension systems—although in China's case, to be sure, pension insurance only covered urban blue- and white-collar workers in state enterprises. Except for rural cadres and public-sector employees, the rural population lacked pension rights. Retirement ages were set quite low for both countries (60 for men, 50 or 55 for women, with some categories of the population entitled to start receiving pensions earlier). As with other types of social benefits, employment was the key to the broad but meager system of pension entitlements.[9] In both countries, the market transition forced the state to find new sources of pension financing to balance revenues and outlays. Both states created social insurance schemes for pensions, health care, disability, unemployment, and maternity. Pensions represent a large and growing commitment on the part of the state. Currently, pension spending represents around 7.5 percent of Russia's GDP and over 3 percent of China's, and in both countries population aging will raise this share in the absence of painful parametric reforms—some combination of a later pension age, lower benefits, and higher contributions.[10]

How then to explain the very different paths of pension reform in Russia and China? Some observers see little point in drawing the comparison, noting for example the wide difference in the development level of the two countries at the point economic reform began.[11] It is often pointed out that China was predominantly rural, Russia urban when the market transition started; that China excluded most of its population from pension insurance coverage, Russia's system covered everyone; or that China grew rapidly under reform, while Russia sank into depression before recovering. Others emphasize the difference in cultural heritage: China's Confucian background invites comparison with other "East Asian welfare states," where social policy is traditionally based on the expectation that families will take care of elderly members;[12] in contrast, the Russian and Soviet legacy is one of state paternalism and patrimonialism.

Useful as these perspectives may be to set the stage, however, they cannot explain different paths of reform over time. Consider, for example, the argument that the reform strategies chosen by the two countries were a function of the different levels of economic development at which their market reforms began. This fact does not explain the policy choices the regimes made or failed to make, or the twists and turns that their policy paths took. Russia's political leadership in the 1990s was blocked from enacting comprehensive reform of pensions and other social policies not by Russia's economic development level, but by deep political polarization between the reformers in government and their opponents in the political arena (Communists, nationalists) and the bureaucratic arena. These battles have been well described in works by Andrea Chandler and Linda Cook.[13] Likewise, although in China the rural population, except for cadres, had not been incorporated into a pension insurance system at the point reform began, the government had a number of options for reforming the enterprise-centered mandatory contributory system in the urban sector. These ranged from expanding pension fund pools from enterprises to the local, province, or national levels, shifting to a system of national defined-contributions accounts, or shifting to market-based funded accounts. Indeed, over the subsequent decades China experimented with all these and other policy alternatives. Moreover, different provinces adopted different mixtures of these policies. To argue that the social and economic conditions of each country dictated the course of policy the leadership chose is to neglect the crucial role of policy *choice* and policy *variation* over time (especially in Russia) and across regions (especially in China).

Similarly, it is sometimes argued that Russia in the 1990s faced a constricted fiscal environment and that its state capacity had been compromised by the regime transitions, whereas (especially following the 1994 tax reform) China's central government's fiscal capacity was stronger. These points are undoubtedly true, but they do not yield any analytical leverage over the policy choices made at key decision points by the two regimes. In both countries, government has been at pains to ease the severe fiscal burden posed by rising pension obligations: Russia's population has been steadily aging (the population share of those older than working age rose from 18.5 percent in 1989 to 25 percent in 2017). Only in 2012 did China reach the point where the national working-age population began to shrink as a share of the total, but the steady increase in the number of urban employees covered by pension insurance has created severe strains in those provinces that have an older population, such as the Northeast provinces. In both countries, the rising implicit pension obligations have created severe pressures on policymakers to reform pension policy.[14] Path dependency undoubtedly characterizes the policy choices made by both governments, but only in retrospect do those choices appear to have been dictated by circumstances.

Accordingly, this paper emphasizes the similarity in the starting points and goals of pension reform in Russia and China, treating the two countries in this respect as "most similar systems." Under market reform, the two countries share the huge administrative challenge of constructing a self-financing pension insurance scheme out of the legacy of a planned economy, where social benefits were allocated administratively. Both are huge, regionally heterogeneous countries, both have bureaucratic-authoritarian regimes, and both are struggling to fund current and future pension obligations out of the same stream of employment contributions from their aging workforces. The key difference between them has to do with the vertical distribution of state authority—a point I will discuss in greater detail. First, however, I will outline my model of policymaking in the bureaucratic-authoritarian regimes of Russia and China.

THE POLICYMAKING PROCESS

The sizable literature on policymaking in the Soviet Union, China, and contemporary Russia, as well as well as the case literature about social policy reform in Russia and China, allows us to begin with several premises about decision-making processes in the two countries.[15]

First, I assume that the political and policy environment is competitive, and that the competition for power among self-interested agents manifests in part as contests among bureaucratic agencies for influence over policy decisions. That is, both top leaders and bureaucratic agencies have political stakes in policy choices. Conceptualizing decision-making in bureaucratic-authoritarian regimes as a competitive process involving both top leaders and bureaucratic agencies can help account for the paradox that authoritarian rulers are frequently frustrated in achieving major goals. When trying to command the economy, they often find that market forces evade their control, resulting in financial crises and capital flight. Similarly, major social-welfare policy reforms that have substantial redistributive implications can be blocked, shaped, or hijacked by powerful bureaucratic coalitions. The patterns of incremental change that result resemble analogous outcomes in democratic states. Leaders in both democracies and autocracies balk at imposing significant losses on powerful constituencies. In bureaucratic-authoritarian states, however, ministries sometimes proxy for the broader social constituencies that would be represented by parties and interest groups in a democracy. Although "outsider" interest-group activism is largely off-limits, "insider" lobbying by within-state actors is routine.

Note also that different institutional settings and different issue domains yield different bureaucratic alignments. For example, in the area of social policy, higher or lower levels of centralization of fiscal control govern how important regional actors are to the bureaucratic alignments that form over the distribution of control over resources. This point, too, of course, is familiar from the democratic world, where the nature of representation of regional interests in central government policymaking affects redistributive coalitions.[16]

It follows, therefore, that the outcomes of policymaking depend on the alignments of top leaders with policy-interested state power centers, above all state administrative bodies. In some cases, major business associations or quasi-public think tanks may be recognized by the government as legitimate participants in the process. Even foreign outsiders, such as World Bank experts, may be drawn in to specialist debates. The principals, however, are state agencies—ministries, state committees, regional governments, and the like. These actors take positions on policy issues based on the anticipated effects of policy alternatives for their interests. They publicize their proposals by publishing policy papers, making presentations at conferences, giving interviews to the press, drafting memos for policymakers, and the like. Their advocacy of course remains safely within the limits of permissible public debate.

They also seek to build coalitions of bureaucratic supporters.[17] Recurrent alliances may appear, or partners may change alignments as different issues arise. It is striking that, on economic and social issues, both in Russia and China two blocs regularly appear. One bloc is aligned around the principle that the top priority of policy is to maximize economic growth by reducing labor costs (in both countries, the finance ministry regularly lines up on this side of issues). A rival bloc may form around the goal of increasing income security for the population (again, in both countries, ministries concerned with labor and social welfare recurrently line up on this side). Such alignments reduce the dimensionality of issues to competition between "liberal" (pro-market) and "social" (pro-redistributive) positions.

Agencies possess resources for influencing outcomes, among them their bureaucratic rank, specialized knowledge, and jurisdictional rights. They may also have informal resources, such as personal access to the top leader. The top leader can reshape the bureaucratic environment that structures the decision process. She might, for example, create special working groups or "leadership small groups" to work out a consensus on a contentious issue. The top leader might also dissolve an agency or merge it into a new one, reassign responsibility for managing an issue, or create a "super-agency" to ride herd on multiple competing agencies. The top leader chooses how much political capital to expend in advocating for a particular position on a given issue, weighing the cost and benefit of fighting to achieve her goals on it when there are multiple other issues on the agenda as well.

Second, I assume that policymaking occurs over multiple policy issues and across multiple levels of government. Besides distributive and redistributive issues, some policy choices involve granting discretion to particular agents over implementation. Still others concern how to pool social risk or how much to liberalize labor, financial, and product markets. Since the policy agenda is broad, and multiple agents may have a stake in any given policy issue, the decision-making process typically requires the formation of coalitions across multiple interested power centers. An authoritarian regime managing an emerging market economy has a particularly wide agenda, because the state is heavily involved in economic and social processes without being able to control them fully.

Given the multidimensionality of policy, responsibility for managing issues is parceled out among diverse state agencies, some specialized around functional responsibilities and others with general policymaking authority. However, no unit has exclusive control over a given domain. Each major policy issue affects multiple agents. Agencies compete to preserve and expand their jurisdictional rights over policymaking in their issue areas. They do so by seeking top-level support for their positions, anticipating how a particular option will affect their policy goals and their control over funding, staffing, discretion, and status. Injecting a policy slogan or formula for an agency's preferred option into a leader's annual address to parliament or similar high-level policy statement represents a victory for the agency, which can then cite the statement as authorization for its efforts.

Third, although top-tier leaders have broad responsibility for the consequences of policy decisions across the full agenda, state agencies at the second tier have substantial influence in framing the actual policy alternatives, lobbying for their preferred policy formulas, and carrying out the policies chosen. Critically, the top leader's power positions depend on her success in solving policy problems. As George Breslauer argued, the leader's consolidation of power is inseparable from her effectiveness in solving policy problems; a leader who fails to solve problems loses the confidence of the political elite and may be removed.[18] Therefore the leader wants to be seen as successful in dealing with the country's problems. This she may do by invoking a sense of urgency, or even crisis, around an issue or by launching an initiative to address a problem. Presumably the leader's discretion to select particular issues for priority attention is constrained by fiscal and other realities. The leader will identify her leadership with progress in tackling the issue, so stakes her power on policy success. The top leader uses her addresses to major national conclaves (party congresses, work reports, messages to parliament) to lay out the full agenda of national policy tasks and to signal the priority of particular policy goals among them. However, success in achieving the goals requires the cooperation of bureaucratic agencies and subnational governments because they are charged with formulating the details of enforcement.

Fourth, decision-making bodies prefer to use a unanimity rule for choice. The top leader's role is often that of arbiter but, as noted above, the top leader may choose to expend political capital to impose a preferred outcome on the group. More commonly, to avoid splits within a leadership body, deeply polarizing issues—such as policies with highly redistributive effects— are excluded from the agenda, while ad hoc working groups are formed to resolve differences over less contentious ones. Such bodies take different names. China commonly uses the form of the "leadership small group" for this purpose, but both regimes often form research groups, working groups, and specialized commissions to achieve inter-agency consensus. In other cases, the process of decision making is sequential, as each affected agency reviews a proposal and decides whether to sign off on it (in Russian, this is called *soglasovanie*), and sends it back with its comments. The use of the unanimity rule explains the often-noted tendency toward consensus-seeking and incrementalism in policymaking in such states: major interests are accommodated rather than overridden. Logrolling is common as interested actors are sometimes given rights in a related domain as the price of winning their consent to the proposal. The process can be protracted.

Based on these assumptions, I propose a simple three-stage model of policymaking.[19] First, one or more agencies advocate for a new policy to remedy some recognized set of current or foreseen problems; rival agencies may offer competing proposals. Second, the leadership backs one option over another, which has the effect of authorizing one agency over another to design the details of implementation. To be sure, the leader may postpone making a decision or make an ambiguous decision that fails to resolve the issue. In such cases, however, the process reverts to the first stage. Finally, once the leader has chosen which alternative to back, the agency charged with executing the decision sets the guidelines for enforcing it. This process also typically involves multiple interested agencies in drafting the details, so that the process of inter-agency bargaining resumes over how to implement the decision. Rival agencies may again advocate for their alternative approaches. The cycle resumes.

This is of course a highly simplified scheme. In practice, the process may be iterated over an indefinite number of rounds. Many policy issues are never decided once and for all. In China, as Sebastian Heilmann has shown, there is often continuous interaction between central- and local-level bodies as policy decisions are successively set, refined through local pilot projects, and set at the top, then refined by new pilot programs, again and again.[20] Such elaborations, however, follow same the simple sequential logic: namely, bureaucratic actors propose options, leaders choose from among them, and bureaucratic agencies bargain over their implementation. The question underlying this study, accordingly, is how differences in the institutional setting might affect the nature of the process.

THE INSTITUTIONAL CONTEXT: CENTRALIZATION

Most scholars who have compared Russia and China agree that Russia has inherited from the Soviet regime a higher level of centralization of political and economic power than China. The difference has sometimes been compared to the difference between U-form and M-form ideal-type organizational structures.[21] Although the claim that centralization is greater in Russia than China is asserted more often than tested, what empirical evidence there is tends to support it. For example, cross-regional variation in business–government relations is greater relative to intra-regional variation in China than in Russia.[22] Several other indicators of the difference can be cited as well.

First, despite radical departures from the central tendency (the big increase in the center's share of revenues in the early years of reform and a still bigger shift following the 1994 tax reform in China; the 1990s in Russia), fiscal centralization trends have been diverging over the last decade: Russia is growing more centralized, China less.

More generally, as Chenggang Xu has argued, China's authoritarianism is "regionally decentralized."[23] Central leaders depend on the support of regional leaders far more than do their Russian counterparts. This is in part the consequence of the path of reform taken by China, in which leaders such as Deng Xiaoping "played to the provinces": they delegated wide powers to regional leaders in order to win their support for the overall course of market-led reform.[24] The policy of "eating in separate kitchens" (*fenzao chifan*) meant reducing cross-regional redistribution and enabling lower-level governments to retain higher shares of revenues from profitable ventures. This strategy created blocs of pro-reform regions allied with reformers at the center, but made it harder for the center to claw back power once it was decentralized.

Nearly every major policy reform of the last thirty years in China has been tried out locally first.[25] The use of experiments and pilot projects to test, then diffuse, policy ideas "from point to surface" is built into the Chinese policymaking process to a degree unthinkable in Russia.[26] Russian officials do use policy experiments, but to a limited degree, and frequently the central government must work hard to motivate risk-averse regional officials to try out a policy innovation.[27] To be sure, many policy experiments in China are not true experiments, in that leaders carefully ensure their success beforehand, then use the success as proof of a "model."[28] Still, the intense career competition among subnational officials often motivates them to demonstrate the success of new policies. The practice both allows central leaders to build support for a new policy and local leaders to claim credit for its success. Such policy experimentation is rare in contemporary Russia.[29]

The pattern of national legislation also indicates the far greater degree of decentralization in China. Although some Russian laws are drafted as "framework laws" (*ramochnye zakony*) that allow regional governments to draft their own implementing laws, these are relatively few (and fewer under Putin). In China, much legislation provides that subcentral governments will decide the details of implementation.

The difference is especially stark in the case of pension legislation. In 2010 China's National People's Congress passed a general law on social insurance affecting all categories of social insurance—pensions, medical care, work injury, unemployment, and maternity. The law largely codified existing policies. Like previous government acts on pensions, the statute was brief, providing only broad guidelines for lower-level governments. The law ran a total of 6,349 words in transliteration, of which only 720 words were devoted to the pension insurance system. By contrast, the analogous law reforming the pension system in Russia in 2013, which dealt exclusively with pension insurance, consisted of almost 20,000 words and specified in fine detail the formulas to be used to calculate pension benefits. China's law mandates no details of social insurance, providing only that province-level administrative units are responsible for implementing the reform and finding ways to combine individual accounts with social pools. To be sure, in both countries, following the passage of legislation, executive agencies issue specific administrative regulations to guide implementation at lower levels. But Chinese legislation tends to grant more discretion to regional and local authorities than does Russia in many policy areas.[30]

The organization of pension fund administration also differs between the two countries. Much like the U.S. Social Security Administration, Russia's Pension Fund is a centralized, hierarchical structure. It employs some 130,000 people and maintains over 2,500 offices around the country. All contributions to the social insurance system (as opposed to the pension savings contributions) are pooled centrally and allocated to notional individual accounts.[31] By contrast, China's social security administration (under the Ministry of Human Resources and Social Security) is decentralized. Each local government controls and funds its own department. If a local government refuses to pool funds at a higher level, the local social security office is unlikely to oppose it. Local governments running surpluses tend to be unwilling to share their pension funds with higher levels, and higher-level governments are unwilling to assume liabilities for pension funding across localities. Only the four province-level metropolitan centers and one province fully pool funds at the province level.[32] The fundamental difference in administrative decentralization between Russia and China helps explain the continuing fragmentation of China's pension system.

THE PENSION REFORM PROCESS

The process of pension reform illustrates the effect of these different institutional settings on policymaking in the two countries. Below I outline the key decision points for each country with respect to pension policy. This process tracing allows us to relate the composition, interests, and alignments of the participants to the outcomes. At each decision point, we see the basic cycle of "competing proposals—leadership choice—bargaining over details" at work, but often protracted by impasses or accelerated by the pressure of deadlines.

Russia

I will pass over the Yeltsin-era efforts to reform Russia's pension system, which have been well described elsewhere,[33] and begin at the point when Vladimir Putin took office as president in 2000. Putin enjoyed a thin majority in parliament, which he used to enact a broad agenda of market-oriented reforms. Aligning the social welfare system with the liberal agenda was just one of many reforms intended to harness the market mechanism to drive economic development.[34] Although the Yeltsin government at the beginning of the 1990s established an insurance-based system managed by a new Pension Fund, contributions fell far short of benefits and inflation drove real pension benefits to a level far below the poverty line. The old Soviet-era baseline pension ages of 55 for women and 60 for men persisted, and large numbers of people (law enforcement personnel, teachers, and others) had the right to begin collecting pensions well before age 55/60.

Putin's liberal advisors advocated switching to a hybrid system that would combine a funded system based on mandatory private savings contributions with a Notional Defined Contributions/pay-as-you-go insurance plan (NDC–PAYG). They even invited the architect of Chile's fully funded pension reform, Jose Piñera, to Russia to offer advice.[35] The reformers of course faced resistance from a number of power centers, among them the Pension Fund, the "social ministries" (labor, health), and many deputies in the Duma.[36]

The key to enacting reform was to win agreement from among the major state bureaucracies with stakes in the issue: the finance and economics ministries on the liberal side, the labor and health ministries and Pension Fund on the social side. Once the key government bureaucracies could agree on a concrete proposal, Putin counted on his narrow majority in the Duma to pass it.[37] To develop the new policy, Putin restructured the policymaking process by creating new ad hoc working groups led by the champions of reform. To win wider acceptance for reform he enlarged the arena for consultation. For example, he formed a "National Council for Pension Reform," chaired by the prime minister, that included representatives of the parliamentary parties, business associations, trade unions, NGOs, and experts. His reform-minded team led the push for a more market-oriented pension system but, through extensive consultations with affected interests, accommodated the social bloc. A key question was how the payroll tax should be split between the social insurance scheme and the funded savings scheme.

Under the government's plan, employers were to pay 16 percent of an employee's wages into the social insurance fund and, for wage-earners born after 1966, another 6 percent into private retirement savings accounts (the *nakopitel'naia*, or accumulating, portion).[38] The private savings contributions went into a personal account managed either by the Vnesheconombank (VEB), the designated state bank, or, at the contributor's request, into a non-state pension fund. The rest of the mandatory pension insurance contribution went into notional personal accounts in the social insurance system—managed by the Pension Fund— that would finance current pension obligations. The social ministries and pension fund won some concessions, but overall the reform represented a major shift in direction toward a market-oriented, funded pension system. By the time Putin signed the legislation in December 2001, some major compromises had been reached although some key details still remained unresolved.

A similar pattern characterized the next stage of policy development, but now the social bloc won out and reversed course. By the end of the first decade of the 2000s, the recession of 2009–2010 had exacerbated the deficit in the Pension Fund's budget and hit the private pension funds hard. Although legislation in 2009 nearly doubled pension benefits, inflation consumed most of the increase. Both the private pension funds and the VEB accounts lost ground in real terms over 2002.[39] The pension fund's deficit represented about 2 percent of GDP; transfers from the federal budget made up the difference. Responding to the increasing sense of urgency, the social wing of the federal government began pressing to eliminate the mandatory pension savings system and put all contributions into the NDC–PAYG system. While resisting proposals from the liberal wing to raise the pension age, they called for parametric reform that would peg annual individual payments to a formula combining years worked, contributions made, and the current financial state of the pension fund.[40] The economics and finance ministries opposed dropping the mandatory private pension savings system. The government deadlocked.

Putin initially refused to intervene. In November 2012, however, he approved a compromise plan.[41] The social bloc moved forward with its plan for a points scheme to ease the strain of a fixed benefits system.[42] Divisions between the social and liberal blocs persisted, however, over details of the proposal (such as how to convert points into ruble equivalents).

Mounting external and domestic pressures in autumn 2013 to agree on a budget for 2014 forced closure on the issue. The government faced a severe fiscal squeeze: tax revenues were falling and budget subsidies to the Pension Fund were rising. The social bloc persuaded the government to make the private pension savings system voluntary as of 2015. The liberal wing went along, partly because the finance ministry was concerned about the strain on the federal budget of subsidizing the Pension Fund, and both the finance and economics ministries wanted to freeze the contributions to the private pension funds until they had undergone an audit and the pension accounts could be guaranteed. This produced a tactical agreement between the labor and finance ministries to divert contributions from the mandatory pension savings system into the general Pension Fund to spare the government having to make up its deficit again.[43] This was initially presented as a one-time maneuver.

Interests on both right and left voiced dissatisfaction with the proposed compromise. The financial industry strongly opposed making the pension savings system voluntary. The left feared that the switch to a new point system for calculating benefits would reduce benefits and confuse contributors. Accordingly, the government went to unusual lengths to explain and defend the reform publicly. Representatives of the social bloc met with the Tripartite Commission,[44] expert panels convened by the "open government" ministry, and the pro-government United Russia party to present their proposals and build support. President Putin met with the "Popular Front Action Forum" to deflect criticism of the proposed point system and defend the need for action.[45] When the proposal went to the Duma, the government made further minor concessions.[46] Thanks to loyal support by United Russia, the legislation sailed through parliament and Putin signed it on December 28.[47] The de facto elimination of mandatory individual pension savings contributions and the replacement of defined benefits with a points system amounted to a partial reversal of policy direction—partial, because the government did not formally abandon the mandatory personal savings mechanism or the principle that individual contributions to the pension insurance fund were to be pooled and used to pay current obligations. But it was a reversal in that it was a decisive step toward achieving the social bloc's avowed goal of eliminating mandatory individual pension savings altogether.

Competing bureaucratic interests continued to offer alternative proposals for a new plan. External circumstances made the issue more urgent by both reducing the flow of contributions to the pension fund and depriving the state of long-term investment capital. When Russia annexed Crimea in March 2014, the government used much of the diverted contributions for spending on Crimea.[48] The United States and the European Union imposed stiff restrictions on Russian banks' ability to borrow in Western markets and oil prices started dropping in fall 2014. The new fiscal crisis revived intra-government contention over the pension system. The liberals in the government called for restoring mandatory pension savings contributions as a way of generating long-term investment capital for the country.

The social bloc responded by proposing to eliminate the private pension savings system altogether, even as a voluntary option, and using its contributions to fill the budget gap in the Pension Fund. The finance ministry defended its position on the grounds that, even with the point system, the Pension Fund would not be able to handle future pension liabilities. The economic development ministry argued that making pension savings purely voluntary would remove about 500 billion rubles from investment.

Putin again intervened, coming down on the side of preserving the pension savings system but keeping it voluntary. He declared that the government would use the accumulated pension funds as investment capital for long-term government infrastructure projects.

Recognizing that there was little chance of reviving the old mixed system of social pooling of individual contributions plus individual funded accounts, the liberals changed tactics in 2016 and developed a new proposal. This was to enroll employees automatically (though allowing them to opt out) in "individual pension capital" accounts that would be the property of the individual investor (under the old system of mandatory retirement savings, the individual contributors did not have property rights in their investment assets). Moreover, the individual contributor could deduct the value of the contributions from personal taxes, and the employers could deduct the contributions from their obligatory social insurance contributions. Whether the system will be adopted is not known at the time of writing. Enactment of such a plan, however, would represent yet another substantial reversal of policy.[49]

At each stage, we see the policy cycle playing out: competing bureaucratic interests advocated for rival plans; President Putin adjudicated the issue; then agencies began bargaining over the plan details and offering new proposals. Extra-governmental interests such as the financial industry offered their views, but their influence depended on the extent that a given policy's bureaucratic champions needed them for information and support, or to neutralize their possible opposition. The trade unions were bystanders. The government did consult with larger bodies, but only after the basic outlines of the policy had been determined. Bureaucratic interests fell out along a fairly consistent left–right line, although side-deals across the aisle were possible. No bloc ever won out completely as the hybrid nature of the pension system allowed the competing blocs to spar over contributions rates, pension benefits, and the mix of voluntary and mandatory elements in the system.

President Putin chose how and when to intervene. Exogenous pressure, such as budget cycle deadlines, the 2009–2010 financial crisis, the fallout of the Crimean annexation, and collapse of world oil prices, affected the agenda and the outcomes. The abrupt reversals in policy over a 15-year period reflected shifts in the relative strength of the opposing blocs and Putin's calculation of the relative priority of short-term demands against longer-term interests. The successes of one bloc or another were never final, but neither were their defeats. Yet rather than resulting in incremental change, their struggles produced a series of policy zig-zags that undermined popular confidence in the pension system and thwarted the goal of producing a deep pool of long-term investment capital for the economy.

China

In China, the process of policymaking has yielded layering rather than displacement. In part this is because China began by building a contributions-based social insurance scheme for urban employees, then added to it new, parallel insurance plans for the rural population, urban residents not covered through employment, and public sector employees such as teachers. Each scheme combined contributory individual notional-defined accounts in locally or regionally pooled funds with contributions by employers, local and provincial governments, and the central government. Details differ across the four programs and across regions, but all of them are contributory social insurance plans, and none rests on individual private investment accounts.

China's reforms have all been enacted through local pilot projects that were later made the basis for national guidelines. But even in the case of the core urban contributions-based pension insurance system, reform came by amending rather than replacing the contributory social insurance–based mechanism. The key difference from Russia is the substantial role that Chinese regional and local governments have played not only in implementing national policy, but in shaping it as well.

The first steps toward reform aimed at relieving enterprises of the obligation to maintain their own pension funds for retired workers. Early efforts to pool pension contributions at the local level began with local experiments in the 1980s.[50] Some local governments took over enterprise pension funds, while others tested schemes for individual pension savings accounts. The general direction of reform has been toward finding an appropriate combination of three types or tiers of coverage for urban state-sector workers combining a minimum defined-benefit system for all, a mandatory notional defined contribution (NDC) system of individual accounts, and an option for a voluntary pension savings system. In 1991 the State Council introduced such a system for the state enterprises, allowing large enterprises to offer their own supplementary pension plans.[51] This encouraged further experimentation and inter-agency advocacy. Progress toward implementing the scheme has been slow, however. A number of industrial ministries created their own pension funds and resisted local pooling by their enterprises. The central government tolerated considerable diversity in pension systems as local governments worked out their own arrangements with state-owned enterprises over the level of contributions and the management of funds. The method for combining social pooling and individual NDC accounts varied widely across regions.

In the early 1990s, divisions between the liberal and social wings of the central government blocked agreement on a unified policy. The labor ministry (reorganized in 1998 as the Ministry of Labor and Social Security, then again in 2008 as the Ministry of Human Resources and Social Security) has been the anchor of the social bloc and exercises primary responsibility for the pension system. On the other side are the Ministry of Finance and the series of specialized government commissions charged with overseeing market reform (the National Economic System Reform Commission, or ESRC, later merged into the National Development Reform Commission), as well as the People's Bank of China and the Insurance Regulatory Commission.[52] This bloc has tended to favor individual accounts over social pooling. The State Council repeatedly created working groups, research groups, and leadership small groups to resolve differences between these wings over the relative weight that an individual NDC-based component should have vis-a-vis the publicly pooled social insurance fund (and, for the individual accounts, how much should be based on fully funded accounts as opposed to notional defined accounts). Each time the government formed a special working group to reach a consensus, however, representatives of each bloc either joined it or formed a separate one.

For example, in early 1992 the government assigned the labor ministry primary responsibility for pension policy, but simultaneously instructed the ESRC to form two parallel research groups to examine the issue. In 1994 a party leadership small group created yet another research group, composed of representatives of the labor and finance ministries as well as other agencies. Unable to agree on a single model, however, in 1995 the State Council decided to require provinces to choose between one of the two basic models: the "Guangdong plan" with small individual accounts and a large insurance pool, and the "Shanghai plan" with funded individual accounts supplemented by a small social pool. In 1996 the government again tried to force the contending sides to agree on a unified plan and created yet another research group to come up with an agreed model.[53] The relative policy influence of the two blocs was strongly influenced by the political fortunes of their champions at the top. For example, as the star of Zhu Rongji—the market reform–oriented figure from Shanghai who was appointed deputy prime minister in 1991 and prime minister in 1998—ascended, so too did support for extending the three-tier model to the non-state sector. Finally in 1997, the State Council adopted a World Bank–style three-tier system combining NDC accounts (funded by an 8 percent individual payroll contribution plus a 3 percent employer contribution) with a 20 percent employer contribution to a social pool. Voluntary enterprise annuity plans or other private insurance could be added.[54]

Each bloc enlisted international backing for its position. Particularly in the 1980s, the social bloc called on the ILO for support of its social insurance–based proposals. From the mid-1990s, the World Bank's proposed three-tier system gained support.[55] The World Bank issued a report in 1997 that the central government followed closely in developing its own plan for comprehensive coverage of the urban working population.[56] The degree to which World Bank influence *explains* China's policy is questionable, however. Observers who emphasize the importance of external pressure on social policy in transitional and developing countries tend to underestimate the strategic interest on the part of domestic bureaucratic agents in using outside organizations' resources to reinforce their own positions. The World Bank did not impose its model on China. Domestic policymakers used World Bank expertise as a platform to build elite support within the bureaucratic arena.[57]

Notwithstanding the government's choice of a model combining basic guaranteed minimum pension benefits with an NDC–PAYG plan supplemented by voluntary pension savings plans for the urban employed population, serious problems arose at the implementation stage. Local governments raided the individual accounts to meet current pension obligations. As a result, provinces with aging populations, such as those in the northeastern rustbelt region, consistently run deficits. The country continues to have around 2,500 different local pension funds, and movement toward national, or even province-level, pooling has stalled.

As noted above, the government has also created new pension insurance programs for urban residents, another for the rural population, and most recently, a new contributory pension insurance scheme for public-sector employees that replaced the non-contributory budget-funded pensions they had formerly enjoyed. A recent account of the establishment of the rural pension insurance scheme reveals that it followed a strikingly similar course to that of reforming the urban workers' pension system.[58]

China's path of reform is thus one of layering new programs onto existing ones whereas Russia's has been one of periodic displacement of one model by another. China replicated and adapted local models, diffusing them more widely (moving them "from point to surface," in the Chinese phrase[59]), publicizing them, and modifying them as government gained knowledge and experience.

DISCUSSION

This overview highlights some similarities in the policy-making process in the two cases. For both we see evidence of a policy cycle in which rival bureaucratic agencies advocate for their preferred policies, build coalitions, and seek high-level backing; then, once the central leadership makes a decision, they bargain over the details while continuing to advocate for their own positions. Moreover, in the pensions case, the orientations of the blocs are comparable, with a social and a liberal bloc evident in each. In China, however, central-level bureaucratic actors sought out local allies, sponsoring local pilot projects that allowed both central and local leaders to claim success. The Chinese players also tended to enlist international expertise more than did the Russian ones. China's use of local pilot projects and external expertise considerable widened the range of information and choice available to central decision makers. It also facilitated the replication and adaptation of models across localities and population categories.

The participation of local governments in bureaucratic coalitions in China widens the arena for decision making. Central actors cultivate local clients, and entrepreneurial local governments seek out patrons at the central level to authorize policies they want to pursue.[60] As a policy moves through the sequence of stages from advocacy to decision and back again, bureaucratic rivalry and bargaining in a setting that prefers to rule by consensus invite constant horizontal and vertical consensus-building. In China, central-level decisions tend to be broad and general, facilitating a broader consensus and granting local governments considerable discretion in choosing how to apply them with "local characteristics." As a result, China has more veto players capable of resisting any move to overturn a given consensus, among whom are local governments eager to defend their prerogatives to interpret and adapt policy choices.

The different pathways for policymaking also help explain each country's response to exogenous crises. Neither the Asian financial crisis of 1997–1998 nor the global financial and economic crisis of 2008–2009 altered the relative balance of power among the bureaucratic interests shaping the course of pension policymaking in China. This may be both because China's economy is less vulnerable to external shocks than is Russia's, as well as the flexibility that regional and local governments have in determining how to adapt national policy to local circumstances. In Russia, on the other hand, the country's much greater susceptibility to sudden shifts in world energy prices and to rapid outflows of capital made central policymakers much more sensitive to external shocks. It is worth noting that the major shifts in pension policy all took place under Putin but in response to changing external circumstances, such as the world recession of 2008–2009 and the downturn in oil prices coupled with the post-Crimea sanctions after 2014. This sequence of events underscores two points relevant to the argument made here: that external shocks such as recession and sanctions mattered to the extent that they shifted the balance of power across bureaucratic coalitions; they did not in themselves dictate policy choices. Moreover, the role of the leader is that of arbiter of inter-bloc contests. The same leader can change preferences depending on short- and long-run political exigency, as is the case with Putin. In China, on the other hand, despite substantial shifts in emphasis across the leadership teams of Jiang Zemin, Hu Jintao, Wen Jiabao, and Xi Jinping, the path of policy has been remarkably steady.

The high degree of centralization of policy and administration in Russia also limits the flow of information to policymakers. Because the number of bureaucratic participants in decision making is far more limited than in China, without regional variation in the models of pension provision, Russia has a much narrower base of experience on which to predict the likely effects of policy changes. By contrast, China's method allows replication and adaptation of policy models in different regions, allowing information to cumulate. This contributes to the tendency to build on existing models rather than replace them as new circumstances arise. Policy shifts tend to be more gradual and cumulative. Whether China is any better positioned than Russia to adapt its pension system to the urgent pressures of a shrinking workforce and aging population is another matter, however.[61]

Specialists inside and outside China cite the high inequality in benefits levels across regions, the disparities in fiscal sustainability of local funding pools, and the long-term problem of empty accounts in the NDC system. The reason for these problems is more political than economic. Although the Ministry of Human Resources and Social Security has overall responsibility for pension policy, the Ministry of Finance continues to exert influence through its responsibility for public finance. Despite repeated efforts by the State Council to devise a unified scheme for the entire country, the pension system remains fragmented in thousands of separate pools and distinct pension systems for urban employees, urban residents, rural residents, and public servants. The refusal on the part of well-off local governments to pool their pension funds at the province level is reinforced by the Ministry of Finance's consistent opposition to any reform that would weaken the link between contributions and benefits. Concerned about the strain on the budget if subsidies to pension funds became an open-ended obligation, the finance ministry argues that pooling at higher levels would encourage moral hazard by weaker localities. The finance ministry is pushing for a fully funded savings-based system, along Singapore's lines, but so far the government has not agreed. The only parametric changes that have been made widen and deepen benefits, although widening has outpaced deepening. No party general secretary has expended much political capital on overhauling the system. Bureaucratic and regional power centers at the second tier are able to shape policy both in policymaking and policy implementation. The overall result is reform by adding new programs on top of existing ones, replicating and adapting them modestly, but without fully integrating them.

CONCLUSIONS

The case of pension reform illustrates the point that power and policy are closely tied in authoritarian regimes, as in democratic ones. Pension reform affects social stability and fiscal sustainability, touching the core of the implicit social contract tying regime performance to popular expectations. Theoretical frameworks that neglect the political nature of policy choice overlook the way in which leaders rely on state agencies to frame their policy options, reach consensus solutions, and carry out the decisions. In turn, agencies rely on top leaders to back their preferences over others. They pursue power by advocating for their policy goals and forming coalitions. They develop policy proposals, cultivate support from experts and parastatal organizations, exploit opportunities to advance their agenda, and offer compromises and side-deals. If the policy orientations of the leaders at the top diverge, entrepreneurial officials at the central and lower levels can take advantage of the opening to pursue their initiatives locally. The iterative process of policy advocacy—policy choice—policy bargaining gives them openings for maneuver. In both countries, bureaucratic actors use the media to make their case to other state and quasi-state actors, but are careful not to appeal to the general public or stir up popular protest.

Both institutional and non-institutional circumstances constrain policy choice. Policymakers must face the cumulative effect of population aging and the pressure of global competition in financial and product markets, and recognize both the political risk inherent in eliminating popular social welfare entitlements as and the fiscal risk of maintaining unsustainable commitments. They are also hampered by their inability to compel full compliance with contributions requirements on the part of employers and employees. The inherited institutional environment shapes their political strategies as well by determining the rules for decision-making and the distribution of power across potential allies and opponents of their policies. The institutional legacy in Russia and China continues to influence the path of policy choice: pension policy in China has been incremental and consistent, but allows wide inequalities in pension benefits to persist across regions and categories of the population, and allows provinces to manage their own pension pools. China's path has been to add new programs onto existing ones rather than to unify existing pension programs. In Russia, pension policy has been centralized but subject to sharp reversals as bureaucratic actors exploit changed circumstances. In both countries, the quasi-partisan divide between the liberal and social blocs persists over time.

We could test this theory of policymaking by taking it outside the realm of social policy, and examining other sets of issues, such as macroeconomic policy and privatization. We might compare Russian "shock therapy" with China's "growing out of the plan," or Russia's sweeping voucher privatization followed by renationalization of state industries as opposed to the slow accumulation of private enterprises in China.

We should not exaggerate the differences in policymaking between the two countries. In some policy domains, such as the jury trial, education reform, housing, and municipal finance, Russia has consciously used experimentation and incremental diffusion to enact reform. Likewise, at certain points in its reform history, China's policies resembled shock therapy, as with the downsizing of state enterprises in the late 1990s. Overall, however, China's use of local experiments and the greater autonomy of subnational governments result in institutional change that is less conclusive but also less likely to be reversed than is the case in Russia.

The policy process traced here places the weight of explanation for institutional change on the play of leaders' policy goals, institutional constraints, and the distribution of bureaucratic influence and interests. This is a function of inherited institutional arrangements, such as the degree of autonomy regional governments have to control policy. Success in achieving large-scale reform requires overcoming the dispersion of authority across a complex bureaucracy and aligning state actors around a coherent set of objectives. Crude tools such as coercion and rent distribution only go so far in accomplishing these tasks. Like their counterparts in the democratic world, decision makers in Russia and China must rely on the political arts of coalition-building and policy coordination to achieve their aims. They do so in an institutional context that they can alter only at the margins.

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NOTES

1. Different authors have varied the terminology slightly. See Jacob Hacker, "Policy Drift: The Hidden Politics of U.S. Welfare State Retrenchment," in *Beyond Continuity: Institutional Change in Advanced Political Economies*, ed. Wolfgang Streeck and Kathleen Thelen (New York: Oxford University Press, 2005), 40–82; Hacker, "Privatizing Risk without Privatizing the Welfare State: The Hidden Politics of Social Policy Retrenchment in the United States," *American Political Science Review* 98, no. 2 (May 2004): 243–60; Jacob S. Hacker, Paul Pierson, and Katheen Thelen. "Drift and Conversion: Hidden Faces of Institutional Change" (paper presented at the annual meeting of the American Political Science Association, Chicago, IL, September 17, 2013); James Mahoney and Kathleen Thelen, eds., *Explaining Institutional Change: Ambiguity, Agency and Power* (Cambridge University Press, 2010); James Mahoney and Dietrich Rueschemeyer, eds., *Comparative Historical Analysis in the Social Sciences* (Cambridge University Press, 2003); Wolfgang Streeck and Kathleen Thelen, eds., *Beyond Continuity: Institutional Change in Advanced Political Economies* (Oxford University Press, 2005); Kathleen Thelen, *How Institutions Evolve: The Political Economy of Skills in Germany, Britain, the United States, and Japan* (Cambridge: Cambridge University Press, 2004); Kathleen Thelen, *Varieties of Liberalization and the New Politics of Social Solidarity* (Cambridge: Cambridge University Press, 2014); Daniel Béland and Ka Man Yu, "A Long Financial March: Pension Reform in China," *Journal of Social Policy* 33, no. 2 (2004): 267–88.
2. Adapted from Hacker, "Privatizing Risk."
3. Hacker, "Privatizing Risk," "Policy Drift"; Thelen, *How Institutions Evolve, Varieties of Liberalization*; Hacker, Pierson, and Thelen, "Drift and Conversion."
4. Bruce Bueno de Mesquita, Alastair Smith, Randolph M. Siverson, and James D. Morrow, *The Logic of Political Survival* (Cambridge: MIT Press, 2003); Bruce Bueno de Mesquita and Alastair Smith, "Political Survival and Endogenous Institutional Change," *Comparative Political Studies* 42, no. 2 (2009): 167–97.
5. Jennifer Gandhi, *Political Institutions under Dictatorship* (Cambridge: Cambridge University Press, 2008); Jennifer Gandhi and Adam Przeworski, "Authoritarian Institutions and the Survival of Autocrats," *Comparative Political Studies* 40, no. 1 (2007): 279–301; Milan W. Svolik, *The Politics of Authoritarian Rule* (Cambridge: Cambridge University Press, 2012).
6. Jacob S. Hacker and Paul Pierson, *Winner-Take-All Politics* (New York: Simon & Schuster, 2010).
7. Minxin Pei, *From Reform to Revolution: The Demise of Communism in China and the Soviet Union* (Cambridge, MA: Harvard University Press, 1994); Susan Shirk, *The Political Logic of Economic Reform in China* (Berkeley, CA: University of California Press, 1993).

8. The decision refers to the staff of government agencies (*jiguan*) and of auxiliary enterprises (*shiye danwei*). These are commonly referred to as public-sector employees. Previously, they had not been subject to a contributions-based pension insurance scheme. The decision may be found at http://www.gov.cn/zhengce/content/2015-01/14/content_9394.htm.
9. Certain categories of the population are eligible for "social pensions," based not on employment contributions but a defined status of need or merit.
10. Because of the fragmentation of pension systems in China, it is difficult to calculate total pension spending in China. The CDRF reported that in 2005, China spent about 2.5 percent of its GDP on pensions (China Development Research Foundation, *Constructing a Social Welfare System for All in China* [New York: Routledge, 2012], 17). Bingwen Zheng reports a figure of 2.7–2.8 percent for the period between 2002 and 2012: *China Pension Report 2012 (CPR 2012)* (Beijing: Economy & Management Publishing House, 2012), 12. An estimate by the International Labor Organization (ILO) and the International Monetary Fund (IMF) places pension spending as a share of GDP at 3.4 percent in 2010, and projects that it will increase steadily to 4.7 percent in 2020 and 9.2 percent in 2050 (https://www-statista-com.ezp-prod1.hul.harvard.edu/statistics/251650/public-pension-expenditure-in-china-as-a-share-of-gdp/).

    For Russia, the Pension Fund reports spending a total of 6.5 trillion rubles in 2016, which represents 7.5 percent of GDP for that year (*Godovoi otchet Pensionnogo fonda Rossiiskoi Federatsii za 2016* [Annual Report of the Pension Fund of the Russian Federation for 2016], http://www.pfrf.ru/files/id/press_center/godovoi_otchet/Annual_report_2016_3.pdf).
11. Jeffrey Sachs, Wing Thye Woo, Stanley Fischer, et al., "Structural Factors in the Economic Reforms of China, Eastern Europe, and the Former Soviet Union," *Economic Policy* 9, no. 18 (1994): 101–45; Anders Aslund, *Russia's Capitalist Revolution: Why Market Reform Succeeded and Democracy Failed* (Washington, DC: Peterson Institute for International Economics, 2007).
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14. Mark W. Frazier, *Pensions and the Politics of Uneven Development in China* (Ithaca, NY, and London, Cornell University Press, 2010); Aleksei Kudrin and Evsei Gurvich, "Starenie naseleniia i ugroza biudzhetnogo krizisa [The Aging of the Population and the Threat of a Budget Crisis]," *Voprosy ekonomiki* 2012, no. 3: 52–79.
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16. Pablo Beramendi, *The Political Geography of Inequality: Regions and Redistribution* (Cambridge: Cambridge University Press, 2012).
17. Cf. Mitchell Orenstein, "How Politics and Institutions Affect Pension Reform in Three Postcommunist Countries," World Bank Policy Research Working Paper, no. 2310 (2000), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=630682.
18. Breslauer, *Khrushchev and Brezhnev as Leaders*.
19. Note that this scheme differs somewhat from the three-stage policy-making model proposed by Mitchell Orenstein ("How Politics and Institutions," cited in note 17, above). Orenstein begins with the assumption that the leadership has already chosen a policy; the first stage therefore is the effort to build commitment to it on the part of major bureaucratic and political actors. In the model presented here, the decision is the outcome rather than the starting point of the process. Bureaucratic actors advocate for a change to the status quo, and seek to build coalitions in support of their position. In particular, they seek to persuade the top leader to back them. In this model, moreover, the process is cyclical and continuous. Such an assumption seems plausible in view of the major wave of reversals of pension privatization that occurred in many East European countries following the 2008–2009 economic recession. On these reversals, see Sarah Sokhey, *The Political Economy of Pension Policy Reversal in Post-Communist Countries* (Cambridge: Cambridge University Press, 2017.)
20. Sebastian Heilmann, "Policy Experimentation in China's Economic Rise," *Studies in Comparative International Development* 43, no. 1 (2008): 1–26; Heilmann, "From Local Experiments to National Policy: The Origins of China's Distinctive Policy Process," *China Journal* 59 (2008): 1–30.
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22. Thomas F. Remington, "Regional Variation in Business–Government Relations in Russia and China," *Problems of Post-Communism* 63, no. 2 (March/ April 2016): 63–74.
23. Xu, "Fundamental Institutions."
24. Shirk, *Political Logic*.
25. Xu, "Fundamental Institutions."
26. Heilmann "Policy Experimentation," "From Local Experiments."
27. Interviews with Russian government officials and observers.

28. Shirk, *Political Logic*.
29. But not unheard of. One policy area in which the Russian government does encourage policy experimentation is the reform of vocational education. See Thomas F. Remington, "Business–Government Cooperation in VET: A Russian Experiment with Dual Education, *Post-Soviet Affairs* 33, no. 4 (2017): 313–33.
30. It is important to distinguish between authority that is delegated and authority that accrues by default and slippage. It can be observationally difficult to tell these apart in practice, as the literature on delegation points out (cf. D. Roderick Kiewiet and Matthew D. McCubbins, *The Logic of Delegation: Congressional Parties and the Appropriations Process* [Chicago: University of Chicago Press, 1991]). For example, Stanislav Markus has attributed much of the weakness of property rights in post-Soviet states to the "piranha-like" predation by local bureaucrats rather than national policy (Stanislav Markus, *Property, Predation and Protection: Piranha Capitalism in Russia and Ukraine* [Cambridge: Cambridge University Press, 2015]). In the case of China, however, the center has deliberately given considerable policy discretion to its regional and local agents. One indication of this is the deliberately open-ended nature of centrally enacted laws and policy documents, which routinely assign to province-level and lower officials the responsibility for implementing these decisions "in accordance with local needs." See, for example, Chae-ho Chong, *Centrifugal Empire: Central–Local Relations in China* (New York: Columbia University Press, 2016).
31. *Godovoi otchet za 2014 Pensionnogo Fonda Rossiiskoi Federatsii [Annual Report of the Pension Fund of the Russian Federation for 2014]*, (Moscow: Pensionnyi fond Rossiiskoi Federatsii, 2014). Note that the U.S. Social Security Administration gets by with only 60,000 employees for a population twice Russia's.
32. Bingwen Zheng, *China Pension Report 2014 (CPR 2014)* (Beijing: Economy & Management Publishing House, 2014).
33. Chandler, *Shocking Mother Russia*; Cook, *Postcommunist Welfare States*.
34. Thomas F. Remington, "Putin and the Duma," *Post-Soviet Affairs* 17, no. 4 (November–December 2001): 285–308.
35. José Piñera, "A Chilean Model for Russia," *Foreign Affairs* 79, no. 5 (September–October 2000), 62–73.
36. Sokhey, "Market-Oriented Reforms."
37. Remington, "Putin and the Duma."
38. The total social contributions tax rate is 30 percent on wages up to a threshold that changes with inflation; 22 percent is for pension coverage and the remaining 8 percent is divided between social and medical insurance.
39. Anastasiia Bashkatova and Mikhail Sergeev, "Pensionery nedopoluchaiut po 900 rublei v mesiats [Pensioners Do Not Receive 900 Rubles a Month]," *Nezavisimaia gazeta*, October 26, 2010.
40. Ol'ga Kuvshinova, "Otdat' i podelit' [Give and Share]," *Vedomosti*, October 25, 2010.
41. "Ot redaktsii: novyi pensionnyi povorot [Editor' s Note: A New Pension Turnaround]," *Vedomosti*, February 4, 2013.
42. Any individual's annual benefits were a function of the number of points he or she had accumulated—a product of the number of years of contributions and the amount contributed—and the balance in the Pension Fund that year. Thus it was impossible for an individual to know exactly how much he or she would collect in benefits.
43. Kuvshinova, Ol'ga and Filipp Sterkin, "Kak i zachem prinimalos' reshenie o zamorazhivanii pensionnykh nakoplenii [How and Why was the Decision Made to Freeze Pension Savings]," *Vedomosti*, October 21, 2013; Ol'ga Kuvshinova, "Kak Gosduma prinimala pensionnuiu reformu—reportazh [How the State Duma Adopted the Pension Reform—Reportage]," *Vedomosti*, November 20, 2013; Kuvshinova, "Pensionnaia formula ob"edinila byvshikh opponentov—ee sochli avantiuroi [Pension Formula United Former Opponents—It was Considered an Adventure]," *Vedomosti*, November 18, 2013; *Polit.ru,* November 19, 2013.
44. The Tripartite Commission for Regulating Social-Labor Relations is a formal structure designed for corporatist bargaining about minimum wage levels, labor conditions, social policy, and the like among employers, labor, and the government. There is a federal-level commission, and commissions in each region. All observers agree that its activity is largely pro forma, because basic decisions are made elsewhere. The Public Chamber is a Putin-era body intended as a forum for dialogue between the government and selected non-government organizations.
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56. Shi, "Social Policy Learning," 374; Lin, "Changing Pension Policies"; Cai, "Rethinking," 139.
57. Lin, "Changing Pension Policies"; cf. Sarah M. Brooks, *Social Protection and the Market in Latin America: The Transformation of Social Security Institutions* (Cambridge: Cambridge University Press, 2009), 79–80.
58. I follow the account given in Stepan and Yu, "The Establishment."
59. Heilmann, "From Local Experiments."
60. Heilmann, "Policy Experimentation"; Stepan and Yu, "The Establishment."
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