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Government in Moscow and St.-Petersburg:
Two Models and Two Ways

St.-Petersburg and Moscow are the largest cities of Russia. They are also independent subjects of Russian Federation (among 88 Russian regions). The legislative basis for Moscow and St.-Petersburg local governments is same; however because of different attitudes to local government of the heads of these Federative Subjects during reforms there two opposite systems of government have been created.

Moscow can be classified as belonging to the group of active resistance to local government. The influence of Moscow city mayor has been determining this process. Three main functions are concentrated in his hands that of: the head of the Federative Subject, the city mayor and the head of municipal government.

According to Moscow Charter adopted in 1995, in the constitutional right to local self-government is realised at the city level. The majority of functions related to the satisfaction of local needs are concentrated at the level individual districts (128). The bodies of the executive authority in Moscow function at 3 levels: city level (city mayor, elected by the population,), - 10 okrugs - administrative areas (nominated by the city mayor “prefekti”), - 128 districts (heads of districts “upravi”). Moscow today is a paradoxical administrative formation having no analogues in the world practice, it is simultaneously a subject of Federation, a megalopolis city, the capital of Russia and the municipal formation.

The analysis of the sociological data and the analysis of realization of the urban programs prove that the bottom levels of administration are deprived of opportunities to independently allocate resource, and the population has no opportunity to carry out control over the expenditure of budget means. Lower bodies of representative authority create visibility of local governance in its actual absence.

Unlike Moscow, St.-Petersburg has taken a more democratic path. The Governor of St. Petersburg is the superior official of St. Petersburg.
The executive authority - Administration of St. Petersburg, which is formed of the Governor, the Government, the Governor's Chancellery, the city committees and the administrative-territorial departments of the Administration subordinate to Governor.

The superior and the sole legislative authority - The Legislative Assembly (The City Parliament) of St. Petersburg. It is a legislative body of St. Petersburg as a subject of the Russian Federation. The Legislative Assembly consists of 50 deputies elected in one-mandate districts. It passes the St. Petersburg Charter, St. Petersburg laws and Legislative Assembly decrees. It is authorized to ratify the city's budget, the administration's structure and projects of city development, to establish taxes and fees directed to city budget, to manage city property, to regulate issues of local self-government, to ratify the city's treaties. The Legislative Assembly controls the execution of the St. Petersburg Charter and city laws, the fulfillment of city budget and of St. Petersburg's development programs.

St.-Petersburg is not a municipal formation. The presence of bodies of local government and officials of local government at the city level is not stipulated by the law. There are urban bodies of state authority at the city level, and the local government was formed only at the level of small districts. The local governance in St.-Petersburg is organised into 111 territorially based, which make up three groups: cities – satellites (9), municipal districts (102). The territorial units of St.-Petersburg (111) are considered as full rights municipal formations with all attributes, inherent in them. Each has a municipal charter, elective bodies of local self-government, municipal property, the local budget, their own competence of the decision-making on the issues of local significance.

First group was formed in a natural way on the basis territorial principle, taking into account the social infrastructure and settlements (Strelna, Sestrorezk, Ust’-Igora). In these municipalities achieved the greatest successes in realization of coordinating economic activities, has been social integration of the population, social welfare issues. Local governments helped create a more flexible system of social management and to transfer a number of important functions from the state level to the municipal level, and most importantly - to bring the local governance close to the city dwellers; to achieve faster and more effective decision-making of local issues.
The main reason is that the effective centralized coordination of such a huge body as is St.-Petersburg is next to impossible. The decentralization give system of government in St.-Petersburg is ensures strengthening of the economic basis of local self-government, growth of the municipal property.

There are some elements of good governance in St. Petersburg.

The independent institutions of local government is called Municipal councils operate in the territory of these municipal formations. The Municipal council is the representative body of authority consisting of deputies elected by the population by direct elections. The term of office of deputies makes as a rule 4 years.

By virtue of the Constitution of the Russian Federation the structure of institutions of local self-government is determined by the population independently. Therefore the structure of bodies in each municipal formation may differ from others. Each municipal formation has the Charter where substantive provisions of activity of local self-management are fixed. Public elections of heads of municipal formations are possible in accordance with the current legislation, however today the head of municipal formation in St. Petersburg is elected from among deputies. The executive body (administration) may be either the separate legal person or division of Municipal council.

The important way for improvement of management of the city is a free association of smaller municipalities. This way should be natural, resulting from the will and the need of the population, i.e. bottom-up.

One more possible model of improving the effectiveness of local government in St. Petersburg is the association of municipalities in unions, associations for coordination of activities and coordinating decisions in interests of several municipal districts on any issues of common interest. This way allows on the one hand -to keep the necessary independence of existing municipalities, and on the other hand - to improve the quality and efficiency by local government. According to the sociological data more than 40 % of the municipal deputies support the creation of associations of several municipalities in specific areas of activity.

There are also some association of municipal formations in St. Petersburg which were organized to improve interrelations between municipalities and state
administration of the city and for better coordination of their own activity. The most active of them are Municipal Chamber of St. Petersburg (unites 34 municipal formations) and the union of Municipal Formations (unites 9 municipal formations).

The principal advantages of St. Petersburg which is determined its reputation capital relate to:
- the high professional, educational and cultural standards evinced by a large part of its population (the city is a well-known international center of education, culture and tourism with unique architecture and rich cultural life);
- the high competitive potential of certain of its industries;
- the high scientific and technological potential for development of knowledge-based society;
- its relatively well-developed legal, institutional and economic environment attractive to the external and internal investors.

It is very important to focus our attention on three main governance outcomes: human capital, economic development and investments and strategic focus.

As for human capital, St. Petersburg is the oldest scientific and educational centre of Russia. Nevertheless, the city is still the second largest centre in the country (after Moscow) in the volume of the scientific research and the number of employees. The scientific and educational potential of St. Petersburg makes about 15% of the scientific and educational potential of Russia, which defines its significance at the federal and international level. Development of high education, science and scientific services is one of the main objectives of St. Petersburg’s government.

Administration of St. Petersburg has already undertaken some important steps in this direction which correspond principles of transparency, partnership working, sustainability and strategic focus.

In 1998 was created a special consultative body - The Scientific Council consisting of officials, deputies of Municipal Councils, representatives from different state and private scientific and educational organizations and NGOs to assist the Governor of St. Petersburg in the field of scientific and educational policy. The system of advisors is widespread in St. Petersburg, and so is the practice of attaching scientific research staff to various divisions of the governance system or creation of
specialized science and methodology departments. However, these entities primarily
deal with management functions rather than research proper. Hence, emerges the
need for the creation of new entities or modification of the existing ones with the
selection of the most feasible modality of such integration based on the assessment of
the effectiveness of the scientific approach to governance.

Administration of St. Petersburg together with St. Petersburg scientific centre
of the Russian Academy of Sciences worked out the draft of a three-year programme
"Scientific and technical potential of St. Petersburg", consisting of 9 sections and
more than 50 perspective scientific projects. This programme is aimed at the solution
of the vital city's problems.

The overall objective put by the Administration is “creating and development
of special educational complexes”.

The first example of such educational complex is a scientific-educational
centre, founded by State Physic-Technical Institute. It is a straight-through system of
training for professional scientific personnel in a single complex of educational
establishments and a scientific establishment: a lyceum - a physic-technical school - a
higher educational establishment - a postgraduate course - the Physic-Technical
Institute.

Administration of St. Petersburg in co-operation with municipal formations and
leading scientific organizations of the city elaborated the draft “Conception of
Information Policy of St. Petersburg” and the special programme “Electronic St.
Petersburg”. The main objectives of this programme are here:
- to increase level of education and retraining of staff due to perfection of education
  on the basis of ICT;
- to promote development of independent mass-media by means of stimulation of
  introduction of ICT in their professional activities;
- to increase efficiency of interaction of bodies of State authorities and local self-
  management, both on interagency level, and with the economic agents and citizens on
  the basis of use of modern ICT;
- to provide conditions for increase of efficiency and scale of use of ICT in economy
  and social sphere;
to promote development of telecommunication infrastructure and possibilities of access to open information systems for enterprises and citizens, to raise quality of services rendered in this sphere (www.e-spb.ru).

The successful development of this programme is promoted by the fact that St. Petersburg has held second (after Moscow) place among the Russian regions with the largest number of users of Internet (more than 750,000 users).

The development of human capital (especially high education, science and information society) is the main task of the contemporary city governance, because the production of knowledge which is often necessary for the regulatory purposes or for their implementation is a vital part for the interdependence between various public and private actors. And here a deep procession and functional interdependence between different sectors of society, i.e. between private, administrative, political and scientific organizations is created.

As for economic development and investments, internal characteristics of St. Petersburg competitive potential comparing to the other cities and regions concern, first of all, with a large investment potential (investment amount, which may be contributed to the region's fixed capital at the expense of all financing sources considering all region's economical, social, and natural resources). But on the other hand, aggregation of economical and institutional conditions for exercising economical activity that determine (among the other conditions) regional risk rate and influence region's investment attractiveness. According to the rating agency 'Expert-RA', St. Petersburg was included in the group of regions with the highest possible investment potential. The city was rated with 1B (big potential - small risk). Since 1996 St. Petersburg has held second (after Moscow) place among the regions with the biggest investment potential (in 1995 St. Petersburg was on fourth place). The investment policy has been exercised by the St. Petersburg Administration within the last few years has been oriented toward providing favorable conditions for attracting investments to the city economy on the base of investment attractiveness improvement. Thus in 1998, a number of legislative and standard documents assisting in rise of investment activity in St. Petersburg and in protecting investors and
securing their rights was developed. In 2002-2003 the St. Petersburg Administration elaborated the system of goals of transparent and open budgeting.

The system of transparent and open budgeting: The main goals
1. Free access to the information about the budget of the city.
-Performance of the Budget Message of the President of the Russian Federation
-Reduction of an opportunity of financial abusing at by means of formation of system of the public control.
-Providing of MASS-MEDIA and public the objective information about the budget during discussion of urban problems
2. Initiative distribution of the information about the budget by bodies of state authority.
-Reduction of social intensity by means of an explanation of major elements of budget policy.
-Development of the compromise and open procedure of formation of the project of the budget.

All of these created the conditions for increasing of investment potential of the city.

All these measures are resulted in positive dynamics of foreign investment in St. Petersburg. Dynamics of Foreign Investment in St. Petersburg in 1993-1999

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<tr>
<td>Investment Volume in foreign currency</td>
<td>90</td>
<td>36</td>
<td>153</td>
<td>139</td>
<td>171</td>
<td>309</td>
<td>660</td>
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<td>Investment Volume in Roubles</td>
<td>3</td>
<td>31</td>
<td>63</td>
<td>101</td>
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<tr>
<td>Total Foreign investment</td>
<td>90</td>
<td>36</td>
<td>156</td>
<td>170</td>
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The analysis of the foreign investment dynamics over the last years does not give any reason to anticipate the decrease in the rate of the investment process, as it is based on the partnership formed between the City Administration and the
international investment community in the framework of the policy being implemented in the city in 1997-1999 which is known in the West as PPI (public-private-initiative), and also in the framework of the activities of the Investment Council acting under the Governor of St. Petersburg. As a result the rates of growth of the investments in St. Petersburg in 2002 (105%) considerably surpassed rates of growth of the investments in Russia as a whole (102.6%).

The strategic focus is also very important when we try to analyze the system of government. The specificity of the contemporary system of government of Saint Petersburg also determined the fact that Saint Petersburg is the first city in Russia developing a strategic plan. It is one of the main results of good government in St.-Petersburg. The Strategic Plan of St. Petersburg differs from other types of strategic plans. An innovation in Russian practice is the fact that from the very beginning development of the plan was open and democratic. The open character of the planning process came from the use made of public hearings and committee meetings, as well as from the fact that all intermediate results and drafts were published in the mass media and all comments and proposals received were reviewed and analyzed. It focuses on the principal and most promising directions for the city's development, such as have been identified on the basis of analysis of the city's potential, the strengths and weaknesses of its geopolitical position.

The main goal of the strategic plan is sustained improvement of the quality of life of all categories of St. Petersburg’s citizens. And it also means the development of St. Petersburg as multifunctional city and integrations in the world economy.

The plan contains ideas and principles which provide orientation for the business community, potential investors, the city administration and the population of the city, helping them to make decisions based on insight into future developments.

But in the same time there are some weaknesses and limitations of the quality of life and government in St. Petersburg.

The analysis of the official statistics and interviews of St. Petersburg’s politicians, officials, heads of NGOs published in the main city’s newspapers (St. Petersburg Vedomosti, Smena, Nevskoye Vremja, The St. Petersburg Times) and
web-sites (www.rossbalt.ru, www.e-spb.ru, www.spb.ru) for the last two years (2002-2003) has revealed the following basic weaknesses and limitations of the quality of life and governance process:

1. Weak interdependence and insufficient coordinating between state and municipal levels of city governance.

Modern system of administrative-territorial dividing is inefficient and it needs in a serious reforming. Municipalities (especially peripheral: cities - satellites) very weakly influence urban policy and they have limited set of questions of local significance.


Decentralization represents is a complex process, which will be implemented gradually and with caution, taking into account local opportunities, political priorities and possibilities of state financing. The Constitution and Federal Laws provide the main basis for carrying out decentralization of political and administrative structures. However, the legislative basis in St. Petersburg requires further improvements, additions and amendments, the purpose of which will be to provide incentives for the interests of bodies of local self-governance in the growth of economic potential of local communities.

3. Incoherent development of residential districts

The districts have different conditions (financial, economic, social) and different resources. Lack of coordination between districts is also important problem in St.-Petersburg.

The empirical data for this analysis is drawn from the sociological surveys on the North-Western Region, the data published on official sites of the subjects of the federation, sites of the leading newspapers and independent news agencies. The paper will also analyze notes, reports of the administration of St.-Petersburg and Moscow.

These outcomes also based on the analyze the results of the expert poll of officials of St.-Petersburg Administration, Deputies of Legislative Assembly of St. Petersburg, Deputies of Municipal Councils and municipal servants (June 2003).

The effective local governance besides organizational and economic effectiveness of administrative bodies and councils requires active inclusion in a
decision making processes so-called "stakeholders": public organizations, business-structures, and mass media. Thus it is necessary to make institutes of a civil society more active. The third sector here is still very weak and it is dependent on government bodies. «Good local government» is examined as resulting of democratic participation and new managerial practices.

The both of the cities have common and specific problems of ineffective governance:

1. Lack of public institutions and thus a weak institutional environment of government is a common problem of all Russian regions.

2. St.-Petersburg and Moscow have to deal with new sets of expectations from the citizens. Modern urban society in Russia implies higher demands for public services.

3. Low level of trust in government, municipal councils and public institutions is also a common problem of the cities. So there is a widely acknowledged need to improve the trust between citizens and government.

4. Public services in Moscow have been more oriented towards serving the political leadership than towards needs of citizens.

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