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Review

Reviewed Work(s): Russian Business Relations in the Wake of Reform. by Noreena Hertz

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is also set against political self-interest, for as Bukkvoll notes, '[it] is easier for the [eastern and southern Ukrainian] elite to influence decisions if they are made in Kiev rather than in Moscow.' He might also have added *Russian* self-interest to this equation, for the social and economic problems of the Donbass are not something that Russia would take on lightly. Yet the authorities in Kiev might still be right to claim that regionally based insurrection 'could threaten independence'. It would not be the first case in which conflict acquired a more menacing dynamic than its instigators intended.

Bukkvoll and Kuzio are on firmer ground in assaulting the myth of ethnic division. There is now an abundance of data supporting the proposition that ethnic Russians in Ukraine closely resemble ethnic Ukrainians of the same generation, region and economic position. Equally, ethnic Russians suffer from no discernible hindrances to occupational mobility and status.

Strong as they are, both analyses understandably reflect the 'mid-Kuchma' preoccupations prevalent at the time they were written. At the time, Kuchma combined vigorous reform with a shrewd sense of caution about how much change his people could take. Now, justly or otherwise, many see him as a figure pursuing image abroad and power at home. Ukrainians do not ask whether the country will break up; they simply wonder whether its problems are soluble. To be sure, at least one problem—relations with Russia—has been dramatically transformed, if not solved, thanks to the May 1997 Comprehensive Treaty and Black Sea Fleet Accords, not to say the determination of both states to open their respective markets to trade and investment. If these developments close a chapter dominated by Russian threats to Ukrainian statehood, do they risk opening a new chapter in which the dominant issue will be reintegration by means of financial penetration, trade and investment? These questions are bound to frame discussion in Ukraine, even if they do not do so here.

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**Russian business relations in the wake of reform.** By Noreena Hertz. Basingstoke: Macmillan. 1997. 210pp. Index. £45.00. ISBN 0 333 71083 5.

The title of this book could beguile the unwary reader into assuming that this is a guide on how to conduct business in the new Russia. Indeed anybody contemplating investing in Russia or entering into any form of cooperation with Russian enterprises would discover a number of invaluable insights into the probable evolution of the Russian business sector. In fact this book is a fascinating study of the process of transformation of Russian enterprises since the collapse of Communism and the breakup of the network of relationships between enterprises and their traditional suppliers, markets and structures of governance.

The primary research for the book took the form of interviews with senior management in seven carefully selected enterprises, supplemented by interviews with officials at the Ministry of Privatization and other key figures in the Russian financial and business sector. The research methodology and design are excellent and the author has avoided many of the pitfalls associated with research of this kind.

Noreena Hertz emphasizes the evolutionary, rather than revolutionary, nature of the changes that are taking place in the enterprises, which have maintained business relations with former customers and suppliers, despite the sweeping changes that are taking place in the macroeconomic environment. She demonstrates how the Russian scheme of privatization contributed to the development of manager-owned firms, as managers use various methods to acquire shares from workers in the enterprises surveyed. She also argues that hostile takeovers by the new financial elite are likely to present the new owners with severe difficulties in managing plants, as managers have far better information about the productive potential of enterprises and their business partners. Similarly, small shareholders find it very difficult to acquire accurate information about the enterprises which they own.

It is of course possible that this is purely a transitional stage and that new forms of corporate ownership and governance will emerge over the next decade as the old managers are replaced. Whatever the final outcome, Hertz has provided an excellent, thoroughly researched book, which gives valuable

insights into the process of change at the enterprise level in Russia and should become essential reading for anyone wishing to understand the process of transformation at the grassroots level in Russia.

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## **Middle East and North Africa**

**The Persian Gulf at the millennium: essays in politics, economy, security and religion.** Edited by Gary G. Sick and Lawrence G. Potter. Basingstoke: Macmillan. 1997. 356pp. Index. £40.00. ISBN 0 333 72654 5.

**Gulf security in the twenty-first century.** Edited by David E. Long and Christian Koch. Abu Dhabi: Emirates Center for Strategic Studies and Research. 1997. 334pp. Index. £39.50. ISBN 1 86064 316 7.

The approach of the millennium made it inevitable that books would appear with titles such as the two volumes under review. Fortunately, these books are no mere marketing ploys. Between them, they can claim successfully to cover the key questions surrounding the Gulf at the millennium. Both should feature high on reading lists for students and practitioners of Gulf politics and those in any way professionally concerned with the region.

*The Persian Gulf at the millennium*, a product of the ongoing 'Gulf 2000' project run by Gary Sick, is an extremely valuable collection. The chapters, which focus on the underlying trends and conditions that shape the region and its future, form a coherent whole and are of a high empirical and analytical standard. Moreover, the authors clearly followed the instruction to be critical of conventional wisdom and be 'deliberately provocative'. This is not a book, in other words, to soft-step the issues.

Gary Sick and Lawrence Potter argue that the region is in a 'crisis in slow motion' (p. 6). Sick ascribes this to a number of fundamental structural distortions: inadequate revenues; a lack of political participation and accountability; the dominance of the public sector; and unemployment (pp. 11–30). Oil, so central in this political economy, may well 'turn out to be the curse of the 21<sup>st</sup> century' (p. 27). To the extent that Islamist agitation presents a problem, it is in essence a home-grown phenomenon linked to political and economic grievances and social change, and not a result of external subversion. This is confirmed by a case-study of the troubles in Bahrain by Munira Fakhro, who suggests that they may be a portent of future developments in other GCC states.

The focus on the domestic does not mean the regional context is ignored. Richard Herrmann and William Ayres stress the importance of domestic factors as agents of change in the geo-politics of the Gulf. Anthony Cordesman offers his usual competent review of Iranian capabilities as a potential threat, but makes clear that intentions may be quite different: while caution should remain a watchword, 'containment' should not extend 'from limiting Iran's military forces to attempting to isolate Iran in political, cultural or economic terms' (p. 222).

Work by Richard Schofield on the trends in territorial disputes and boundary definition between the states of the Gulf links the two volumes even more closely together than their themes already do: in both, his excellent reviews take up a central chapter. The conclusion emerges that, as a result of considerable strides in recent years, the Arabian Peninsula has now come to mirror the already evident Middle Eastern trend of consolidation of established territorial divisions. The key exception is likely to remain Iraq's access to the Gulf (in *The Persian Gulf*, p. 131; in *Gulf security*, p. 137). The dispute over Abu Musa and the Tunbs, Schofield suggests, will remain problematic, without this indicating any wider Iranian designs on Arab territory (in *Gulf security*, p. 167).

*Gulf security in the twenty-first century*, edited by David Long and Christian Koch, is a product of the Emirates Center for Strategic Studies and Research in Abu Dhabi, which is rapidly establishing a solid international reputation for quality work. Overall, this volume has a (relatively) greater international relations focus, and views the region essentially from a GCC perspective. Part one considers Iran and Iraq. The editors' interpretation of Iran's intentions in the Gulf is unwarranted: their conclusion that 'Iran's primary Foreign Policy goal of "exporting the revolution"