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A Question of Expectations

By Konstantin Sonin

According to a poll conducted in March by the independent Levada Center, 43 percent of Russians believe that enormous sums that have been allocated to fund the government's national projects program will be wasted, while 31 percent believe the money will "simply be embezzled."

First Deputy Prime Minister Dmitry Medvedev was put in charge of the national projects program a few months back, and if you regard the program as a springboard for his potential presidential bid in 2008, the Levada poll contains both good and bad news for Medvedev. The good news is that when expectations of the program are this low, any reasonable progress will be hailed as a success. The bad news is that low expectations have a way of coming true.

Any political consultant worth his salt will tell you that the first rule of political campaign strategy is to lower expectations. Before the presidential debates during the last campaign in the United States, for example, Republican pundits and spin doctors hammered home the message that the Democratic candidate John Kerry had been an outstanding debater ever since his grammar school days. The Democrats similarly stressed that George W. Bush had never lost a political debate in his life.

Evaluating the success of the government's national projects program in the areas of health care, education, housing and agriculture will of course be far more complicated than declaring the winner of a political debate. But the analogy nevertheless highlights an important lesson for Medvedev: Don't make a lot of promises. And don't announce specific goals, since they only make it easier for your opponents to come back later and compare the program's goals and its results.

It would be a mistake to assume that average Russians don't understand what the national projects program is all about. As the Levada Center poll shows, people's expectations are quite sensible. When asked if they believed the government's initiatives in health care and education would lead to improvement in these areas, respondents split down the middle. When it came to agriculture and particularly to the construction of new housing, however, the skeptics outnumbered the optimists by nearly two to one.

This does not mean that the average Russian understands that the subsidization of mortgages in the absence of meaningful demonopolization and depoliticization of the housing market will only boost demand and drive up prices, thereby increasing construction companies' profits without necessarily increasing the number of units being built. People's skepticism is more likely based on experience: The construction of new housing was one of the last great projects of the communist era.

This popular skepticism also creates another problem for Medvedev: It reduces the stimulus for the bureaucrats who actually implement the national projects to work effectively, and it increases the likelihood of embezzlement. Why should the bureaucrats bust their humps if the boss is the only person who expects them to achieve anything? And how is the boss supposed to determine where things have gone wrong? The mass media would seem a logical candidate to expose corruption and inefficiency in the system, but when readers and viewers don't expect the program to work anyway, the media have no incentive to investigate. It was rumored that newspapers that covered the early difficulties encountered by the national projects program received unofficial warnings to back off, but this makes little sense, especially from the perspective of those with a vested interest in the program's success.

It turns out that there is no benefit in inflating expectations, while deflating them is dangerous. Medvedev can't avoid confronting this issue, however, at least not if he wants to become president.

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