Introduction

In December 1991, seventy years of communist rule in the Soviet Union came to an abrupt end. The center could not hold, things fell apart, and it was not clear what new beast was slouching towards Bethlehem to be born. As the Communist Party ceded executive functions to newly emerging state institutions, regional elites within the Russian Federation, the largest of the fifteen Soviet republics, suddenly found key roles available to them in the active building of a new Russian federal state. The future seemed to be wide open, and several regions seized the opportunity to make political and economic demands on the center in the form of movements for greater autonomy and sovereignty.

Yet not all regions of the Russian Federation sought greater autonomy, and this diversity of outcomes poses important questions which the scholarly literature has, for the most part, neglected. Put most generally, why did some regions come to believe that greater autonomy or full sovereignty was the best way to fulfill regional political and economic interests, while others did not? The experience of Russia's 89 regions in the early 1990s presents a puzzling pattern of variation in autonomy and sovereignty movements. The apparent role of economic factors in autonomy and sovereignty movements is particularly intriguing. There was remarkable heterogeneity in expressed economic interests, even though many regions bore striking similarities in their structural economic conditions, institutional configuration, and political history. Some regions understood greater autonomy or sovereignty to be in their economic interests, while others did not find material advantage in the possibility of more political authority. This issue – the economic basis of sovereignty movements – asks questions at the very core of political economy: What are the origins of economic interests and what explains their development and influence on political action?

In this book, I analyze the experience of autonomy movements in the Russian Federation in the early 1990s in order to explain the development of regional economic interests and movements for greater sovereignty. This analysis will shed much needed light on a critical phase in the development of Russian federalism and will also add to our understanding of the development of economic interests and sovereignty movements in general. By combining theoretical insights from a literature I term *constructivist political economy* with the scholarly literature on nationalism, and by empirically analyzing Russian regionalism in general as well as through the detailed experience of the development of an autonomy movement for a Urals Republic in Sverdlovsk Oblast, I have developed an imagined economies analytical framework that relies on the interaction of particular institutional contexts and local understandings of the economy to explain the development of economic interests in greater sovereignty.[1] The results are both theoretical and empirical: I argue that the imagined economies framework not only provides a better explanation of the pattern of regionalism in the Russian Federation but may also be applicable to other cases of economic-based sovereignty movements. In addition, it makes a critical contribution to the scholarly literature on nationalism by extending the historical constructivist approach to the economy. Finally, the imagined economies framework adds to the growing constructivist political economy literature in ways that build on understanding the origins and development of economic interests.

Regionalism in the Russian Federation

In *Imagined Communities*, Benedict Anderson posits certain necessary conditions, in the sense of "conceptual events," for the imagination of nations.[2] In the Russian context of the early 1990s, glasnost, perestroika, and the breakup of the Soviet Union were the critical context for the imagination

[1] The term "imagined economies" is derived from the work of Benedict Anderson. Although Anderson used the term *imagination* to refer to "communities" in the sense of linkages between people who don't know each other, I am using the term to refer to shared, local, non-objectivist understandings of regional economies. The relevant noun is different (communities vs. economies) but the sense of shared, non-objective, historically constructed entities is preserved. See Benedict Anderson, *Imagined Communities: Reflections on the Origin and Spread of Nationalism*, rev. ed. (London: Verso, 1996).

[2] Anderson, 1996.

of post-Soviet regional political and economic interests.[3] The end of the Soviet Union brought about an absolute change in rules that destroyed Soviet political and economic authority and allowed for the serious questioning of Moscow-based authority. What the breakdown in belief in the divine right of kings was to the French or American Revolutions, the breakdown in the authority of the Communist Party of the Soviet Union was to the regions of Russia. The cosmology of the socialist universe was signed away, and the history of Russia was to be written by erstwhile unremarkable apparatchiks like Boris Yeltsin. The career paths of regional elites were thoroughly upset by the institutional breakdown of the Communist Party. Russian regional leaders could still look to Moscow as the center, but it was unclear how long that would last. This disruption in career trajectories made regional elites aware of their new location as leaders of regions within the Russian Federation, but ordinary people also became acutely aware of their territorial location because the place where they happened to be living in 1991 signified a new basis for future citizenship.

The first Russian Republic, which began in the fall of 1991 and lasted until December 1993, was outside the organizing framework of Soviet political and economic categories of understanding. Instead, this was a period of contestation over power and the system of authority that would structure political and economic relations in the Russian Federation. Politically, it was a game of musical chairs: All the rules and paths to power had been upset and no one knew which institution would turn out to be the relevant one. The Federation Treaty and the Constitution were works-in-progress, and political actors faced many organizational choices including multiple seats of authority in the region. No one knew which chair would be left when the music stopped – would it be the executive or the legislature, the oblasts or the republics? On the economic side, the de facto decentralization of economic resources that began under perestroika and accelerated with the decline of the Communist Party of the Soviet Union (CPSU) represented the transformation from Soviet principles of redistribution to a Hobbesian every-region-for-itself state of anarchy that exacerbated regional inequality.

The outcomes of these processes created a scenario in which political and economic categories had become sufficiently fluid so as to allow for novel

[3] *Glasnost* refers to "openness" mainly in the press, while *perestroika* refers to "restructuring" of political and economic governance organizations. I will elaborate on these concepts and the context for imagination of the regional economy in greater detail in Chapter 3.

types of interaction between regional actors adhering to particular ideas about the economy and events. During this period, regions came to appreciate both the new opportunities that had opened up to them and the urgency of making choices; additionally, *some* regions came to see greater autonomy or sovereignty as the only way to solve regional economic problems.

The "parade of sovereignties" during the early 1990s in which region after region declared sovereignty following the collapse of the Communist Party and precipitating the end of the USSR (Union of Soviet Socialist Republics or *Soiuz Sotsialisticheskikh Respublik*) gave rise to nationalist demands by ethnically defined territories, such as Tatarstan and Chechnia. Within Russia, there arose "non-nationalist" movements for greater autonomy, which were driven mainly by economic grievances rather than ethnic claims, from regions with populations overwhelmingly self-identified as ethnically Russian. Out of the 89 regions of the Russian Federation, there were 55 so-called *Russian regions*' made up of 49 oblasts and 6 krais.[4] Of these, approximately 40% pressed for greater autonomy, while the remaining 60% had little or no activism toward sovereignty.[5]

This variation in autonomy movements among the Russian regions presents an unusual opportunity for the systematic analysis of the economic bases of sovereignty movements. The absence of ethnicized political demands among these regions, combined with their institutional similarity, allows for comparative analysis of economic factors that is uncomplicated by variance in national identity, nationalist mobilization, or institutional configurations. Admittedly, most of these autonomy movements in Russia were not aimed at full sovereignty. Nevertheless, because interests in sovereignty are not primordial, and because separatist movements nearly always start out as movements with lower-level demands for autonomy, understanding the dynamic development of autonomy movements and the expression of economic interests in greater sovereignty will inform the analysis of sovereignty and separatist movements more generally.

[4] The Russian Federation is divided into several types of administrative units: republics, oblasts, krais, federal cities, autonomous okrugs, and one autonomous oblast. In brief, republics, autonomous okrugs, and the one autonomous oblast are ethnically defined, symbolically and institutionally privileging the titular ethnic group (e.g., Tatars in Tatarstan). The other administrative units – the oblasts, krais, and federal cities – have not been defined by ethnic criteria, do not privilege any particular ethnic group, and have populations overwhelmingly self-identified as "Russian." Consequently, these oblasts, krais, and federal cities are considered "Russian regions." The definitions, ethnic distinctions, and history of the regions of the Federation are discussed in greater detail in Chapter 1.

[5] In Chapter 1, I present an original data set that elaborates on this claim.

Introduction

This project began in 1994 when I was in Ekaterinburg interviewing regional officials regarding federal relations. There I noticed something startling: The rhetoric of regional officials in discussing the *economic* claims of their region, Sverdlovsk Oblast, resembled nationalist discourse, except that it was about economic rather than ethnic claims. These economic claims, moreover, formed the core of the region's movement for greater sovereignty. I investigated the nature of Sverdlovsk's economic claims and found that, surprisingly, there was little in the structure of Sverdlovsk's economy that would explain the level and intensity of activism toward greater sovereignty. To better understand the material basis of Sverdlovsk's economic claims, I considered the experience of other regional autonomy movements and other regions that were economically similar to Sverdlovsk.

I constructed a data set of regional movements for greater sovereignty for all 55 oblasts and krais in the Russian Federation from 1990 to 1993 that could be used to test quantitatively a number of factors (economic, geographic, demographic, and historical) on all Russian regions.[6] And, in order to push the analysis of the material basis for regional economic claims further, I compared the economy and expressed economic interests of Sverdlovsk with that of an economically similar region, Samara Oblast.[7]

The comparison of Sverdlovsk and Samara Oblasts illustrates well the puzzle of the economic basis of sovereignty movements in the Russian Federation. Both regions share the same institutional legal status as oblasts and have a history of peaceful relations with the Russian center and no experience of independent statehood. The ethnic composition of both regions is strongly Russian, 83% in Samara and 89% in Sverdlovsk.[8] Both regions also have populations far above the Russian regional average and are among the most populous regions in the Russian Federation.[9] They are also similar in terms of their relative distance from Moscow and in territorial size.[10]

Economically, both Samara and Sverdlovsk, like the rest of Russia, were hit hard by the economic decline of the perestroika era and by the cuts to the defense industry in particular, and production in the early 1990s in both

[6] See Chapter 1 for discussion and analysis of this data set.
[7] See Chapter 5 for an extended discussion of this comparison.
[8] Valerii A. Tishkov, ed., *Narody Rossii entsiklopedia* (Moscow: Nauchnoe izdatel'stvo, Bol'shaia Rossiiskaia entsiklopedia, 1994), pp. 439–40.
[9] Among all 89 subjects, Sverdlovsk was the fifth most populous (as of 1993) and Samara was ranked eleventh. Among the oblasts and krais, Sverdlovsk is third, and Samara is seventh.
[10] Sverdlovsk is 1,667 kilometers from Moscow and 194,800 square kilometers in size. Samara is 1,098 kilometers from Moscow and 53,600 square kilometers in size.

regions plummeted. In recent years, however, both regions have turned out to be among the economically strongest in the entire Russian Federation. The one significant economic difference between Samara and Sverdlovsk in the early 1990s concerned net tax payments: Samara paid significantly more into the federal budget per capita than Sverdlovsk.

On the face of it, one might expect net tax payments to be correlated with greater demands for autonomy or sovereignty, suggesting that Samara, rather than Sverdlovsk would be more likely to make economic demands against the center. Yet, despite the fact that the two regions were very similar economically, there was virtually no regional activism in Samara, while Sverdlovsk had one of the strongest movements for greater sovereignty in the entire Federation, and economic claims formed the basis of Sverdlovsk's activism.

The Economic Basis of Regional Sovereignty Movements

If we consider the scholarly literature on sovereignty movements, we see that there is a curious disjuncture between the nationalism literature on the one hand, and the political economy literature on the other. As is well known, nationalist movements can no longer be explained by "ethnicity" because scholars of nationalism have long ago undertaken the investigation and de-essentialization of ethnic identity and have convincingly historicized the construction of ethnicity, showing it to have imaginative, non-biological origins.[11] But this literature gives us little guidance on economic questions because – although ethnic, linguistic, and cultural demands are approached as historically constructed phenomena involving interpretation, institutional contexts, and particular actors – economic claims, with very few exceptions in that same scholarly literature on nationalism, have been largely treated as simple reflections of observable, objective facts.[12] Consequently, for understandings of the economic basis of sovereignty movements,

[11] See, for example, Anderson, 1996; and Ronald G. Suny, *The Revenge of the Past: Nationalism, Revolution, and the Collapse of the Soviet Union* (Stanford, CA: Stanford Univ. Press, 1993).

[12] Some notable exceptions that treat economic factors from a constructivist perspective in the nationalism literature include Rawi Abdelal, *National Purpose in the World Economy: Post-Soviet States in Comparative Perspective* (Ithaca, NY: Cornell Univ. Press, 2001); and Liah Greenfeld, *The Spirit of Capitalism: Nationalism and Economic Growth*, (Cambridge, MA: Harvard Univ. Press, 2001). Greenfield's work draws of course on Max Weber. See Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, translated by Talcott Parsons, (London: Routledge, 2001). I discuss the vast literature on constructivist approaches to the economy (more generally, beyond nationalism) in Chapter 2.

we tend to turn (in)to economists. This disjuncture is borne out in explanations of Soviet and Russian sovereignty movements, which can be divided into constructivist nationalist explanations that tend not to focus on economic factors and non-constructivist political economy explanations that primarily focus on economic factors.

One of the most prominent arguments in the political economy literature on the economic basis of sovereignty movements in the Russian Federation is that regional activism was a bargaining strategy used by regions in order to extract resources from the center.[13] There is no doubt that bargaining was going on between the center and the regions in Russia in the early 1990s. However, the bargaining literature does not explain variation in regional interests in greater sovereignty per se because it sidesteps the question of interests in sovereignty by treating sovereignty claims as a hollow vehicle for realizing other economic interests. To the extent that these bargaining models consider variation in regional actions, differences in regional economic resources may allow for differences in the types of demands that regions make, but all economically similar regions are expected to act alike. Indeed, in many cases, bargaining models of sovereignty posit structural economic variables as the essential basis for regional demands.[14] Yet most Russian regions did not seek separatism or greater autonomy, and more importantly, economically similar regions, such as Sverdlovsk and Samara, did not behave alike with respect to bargaining demands or to sovereignty claims.

If we consider structural economic arguments for sovereignty in general, we see that scholars have disagreed about the influence of relative wealth and resources. Some argue that richer regions are the most likely to seek greater sovereignty, while others argue that poorer regions will press hardest for more autonomy. In the case of sovereignty movements among the ethnic republics in the Soviet Union and Russian Federation, the consensus is that, ceteris paribus, the most economically advanced regions fought hardest for greater sovereignty.[15] This structural economic advantage argument,

[13] Steven Solnick, "Will Russia Survive? Center and Periphery in the Russian Federation," in Barnett Rubin and Jack Snyder, eds., *Post-Soviet Political Order: Conflict and State Building* (New York: Routledge, 1998); and Daniel S. Treisman, *After the Deluge: Regional Crises and Political Consolidation in Russia* (Ann Arbor, MI: Univ. of Michigan Press, 1999).

[14] Daniel S. Treisman, "Russia's 'Ethnic Revival': The Separatist Activism of Regional Leaders in a Postcommunist Order," *World Politics* 49:2 (1997), pp. 212–49.

[15] For example, Philip G. Roeder, "Soviet Federalism and Ethnic Mobilization," *World Politics* 43:2 (January 1991), pp. 196–232; and Henry Hale, "The Parade of Sovereignties: Testing

however, does not hold up when considering the autonomy movements among the Russian regions.

I quantitatively evaluated the effect of several economic variables on regional activism, but the results did not suggest a clear relationship between structural economic conditions and Russian regional autonomy movements. Most of the economic variables were not significant, the coefficients were low, and the adjusted R-squared values were extremely low. The most surprising and interesting finding was the direction and significance of net tax payments across all the model specifications.[16] Bargaining and structural economic models of movements for greater sovereignty would have predicted a positive relationship, that is, that the higher the net tax payments, the more likely the regional activism. In the case of the Russian regions, however, the regression results suggested the opposite – a puzzling finding that is also consistent with the comparison of Sverdlovsk and Samara. The general conclusion from the quantitative analysis, however, is that the pattern of autonomy movements within the Russian Federation does not follow from any obvious economic, demographic, or geographic relationship.

How do these findings regarding the experience of the Russian regions affect our understanding of the relationship between structural economic conditions and sovereignty movements? The argument that the wealthiest regions would be most likely to seek greater sovereignty was not confirmed, but so too was there a lack of support for the argument that the poorest regions would seek greater autonomy. Given the growing literature in political economy that considers how economic claims and interests may be mediated and therefore may differ from the structural material conditions on which they are based, it seems necessary to consider the economic basis of sovereignty movements from a different angle.

The objectivity of the economy has been questioned in a range of disciplines, including cognitive science, psychology, economics, political science, sociology, and history.[17] Work in these fields provides overwhelming support for the idea that expressed economic interests are shaped by political, social, and cultural contexts, including particular configurations of

Theories of Secession in the Soviet Setting," *British Journal of Political Science* 30 (2000), pp. 31–56.

[16] Net tax payments are the amount, per capita, that regional citizens contribute to the federal budget in tax payments, minus the amount they receive back in federal subventions.

[17] See Chapter 2 for extended discussion of this point.

actors and institutions. To put it another way, economic interests are intersubjectively constructed.

Based on this emerging research tradition as well as on my own empirical analysis of Russian regions, I argue that the economic claims advanced by regional movements share with nationalist claims a non-essentialist nature. I use the term *constructivist political economy* to refer to an approach to the economy that advances an argument for the intersubjectivity of economic interests based on insights from cognitive psychology, historical institutionalism, economic sociology, and social theory. Thus, returning to the debate over whether the richest or the poorest regions are most likely to seek greater sovereignty, I say both arguments are correct, or, if you like, they are both incorrect, because the sense of exploitation that drives economic claims for sovereignty, while not wholly divorced from material facts, is mediated by institutions and shared understandings of economic conditions.

If we consider the quantitative analysis of Russian regionalism in light of constructivist political economy, we can see how the same economic conditions might lead to different regional activism outcomes because the relevant aspect of the economic conditions – the *understanding* of the economic conditions – may not be the same as what is being picked up in data sets that focus only on unmediated structural conditions. In other words, there may be *multiple local interpretations* of economic conditions, which do indeed affect sovereignty movements, but the multiplicity of meanings muddles the effect of particular structural variables on sovereignty movements across all regions.

Imagined Economies

In trying to account for regional activism in Russia, one cannot escape the suggestion that in many cases regional elites did not see the same economic conditions and prospects for the regional economy as "objective" analysis would suggest. Over and over, regional leaders made statements about the economy that did not seem to match the observations of outside analysts. Instead, the expressed economic interests advanced by regional elites corresponded somewhat tenuously to the economic indicators contained for example in the data sets of the Russian State Statistical Committee (Goskomstat) or the Ministry of Finance. Yet these expressed economic interests were crucial to the development of regional political movements, regardless of their uncertain relationship to structural economic conditions.

In order to systematically analyze the existence of specifically *local* understandings of the economy, I collected nearly two thousand newspaper articles related to economic events in Samara and Sverdlovsk from over thirty local newspapers and journals covering the period of 1990 to 1993. By the early 1990s, Soviet central censorship had been nearly eliminated, and regional publications were increasingly able to give voice to local concerns and issues, including criticism of the central government. For these reasons, local newspapers in the early 1990s are an excellent source for documenting the ways in which local actors understood the world. Using discourse and quantitative content analysis, I documented interpretations in Samara and Sverdlovsk, and I compared those understandings with accounts of economic conditions found in quantitative data sets.

The findings from this systematic analysis were that, although data on structural economic conditions predict some regional understandings of the economy, the observed variance in understandings of the economy found in Samara and Sverdlovsk – and in particular greater negativity in Sverdlovsk compared to Samara – was not predicted by "objective" data on economic conditions.

I followed the analysis of economic understandings in Sverdlovsk and Samara with additional extensive content analysis of the movement for a Urals Republic in Sverdlovsk Oblast in order to examine whether and how the economic pessimism in Sverdlovsk was related to the region's autonomy movement.[18] That analysis clearly establishes that the movement for a Urals Republic was driven by negative interpretations of economic conditions, and, in particular, concerns over constitutional inequality and economic autonomy. My content analysis also provides evidence of a particularly *regional* understanding of the economy, in the sense that Sverdlovsk actors, in comparison with non-Sverdlovsk actors, share particular beliefs about the economy. That is, location was a significant predictor of the understanding of the basis for the sovereignty movement.

Thus, despite the prevailing certainty regarding the provenance of economic interests and economic claims, in my research I found that the relationship between economic conditions and expressed economic claims was not an expected one. The content analysis provides strong evidence that the assumed transparency and universality of data upon which most economic theories of sovereignty are based did not hold up to empirical

[18] Because there was no sovereignty movement in Samara, I could not analyze the discourse of claims for regional autonomy there, as I did for Sverdlovsk.