



Panel report: Cashing in after communism

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Convener: Ger Duijzings

Participants: Tobias Köllner/ Irina Morozova

Comments by Ekaterina Emeliantseva-Koller

Report by Barbara Martin, Associated researcher of the Pierre du Bois Foundation

The fall of communist regimes in the years 1989–1991 triggered not only regime changes throughout the Eastern bloc, but also processes of redistribution of financial and economic assets through privatization. Societies that had been geared towards achieving economic equality turned to capitalism, opening new avenues for ambitious entrepreneurs with the necessary personal connections and business flair. This panel focused on the process of emergence of new economic elites in post-Soviet states, starting from the last decades of Soviet rule, and on the public perception of wealth and individual economic success in post-Soviet societies.

In his introduction to the panel, **GER DUIJZINGS** analyzed the factors that allowed for the formation of a new class of oligarchs, or *nouveaux riches*, with the fall of Communism. Many of them were former officials from state security organs or managers of large socialist enterprises who had been dealing with Western economic actors and could use these connections and know-how to “cash in” after the fall of Communism. Creative schemes to acquire economic assets during the crucial phase of privatization are difficult to document, but anti-corruption trials in Romania have brought to light some of these practices. The dubious mechanisms of enrichment of these new elites, however, spurred oligarchs in Russia to polish their public image through charitable acts, such as donations to the churches.

In his presentation, **TOBIAS KÖLLNER** analyzed how, in the context of the post-Soviet religious revival, as politics and religion became closely entangled, Russian businessmen donated to the Orthodox Church, expecting to accrue both spiritual and worldly benefits. Using the methods of social anthropology, he conducted interviews with businessmen and Orthodox priests in Vladimir



and the Vladimir region, near Moscow, and in Saint-Petersburg. Köllner's findings point to a relationship of mutual dependency between wealthy entrepreneurs, who wish to improve their image, and the clergy, who rely on donations to renovate or reconstruct local churches. The context of privatizations in Russia in the 1990s, marked by dubious schemes which allowed oligarchs to dispossess workers from their shares in public enterprises, explains the negative image that wealthy businessmen enjoy in Russia. Quoting from the interviews he conducted, Köllner shows that the relationship between priests and donors is uneasy: the clergy share those negative views of businessmen, but are forced by economic necessity to compromise; as for their wealthy benefactors, they are guided most of all by the example of Russian political elites, but are ignorant of religious codes and often ambivalent about displaying their religious affiliation openly. Still, the example of a rich entrepreneur who donated money for the construction of a church shows that such ostentatious philanthropy reaps not only spiritual, but also political dividends: indeed, the church's inauguration was attended not just by the archbishop of Vladimir, but also by the city mayor and the local political elite. Summing up the motivations guiding benefactors, Köllner concludes that they can be religious, such as earning the right to be buried on church ground, but also political: he cited in particular the "keeping while giving" strategy, whereby an entrepreneur trades his donation to the Church against the unofficial privilege to escape unwanted fiscal or other administrative inspections. This model of religious philanthropy, however, encounters critiques within Russian society, which find their roots in a quote of the 12th century Nestor Chronicle, opposing churches built with "gold" to those built with "tears" – i.e. a contribution in labor, and not just money. In her presentation, **IRINA MOROZOVA** explored a different spatial and historical timeframe, focusing on relationships between local and Soviet cadres and elites in oil industry in 20th-century Kazakhstan. Analyzing the formation of Kazakhstani economic elites, based on the example of the oil industrial complex Embanefit in the Northern Caspian city of Guriev (since 1991: Atyrau) in the 20th century, she characterizes the process as one of postcolonial emancipation. The initial development of the oil industry in the region essentially followed a colonial pattern, as Russian explorers who discovered the oil fields in the late 19th century sold their property to the British company Shell. After 1917, the Bolsheviks gained control over these strategic resources during the civil war and, to exploit them, created the company Embanefit, which was run from Guriev, starting from 1929. The second world war brought significant changes: the temporary relocation of Soviet industry to Central Asia benefitted the industrial development of the whole region. By the end of the war, local



branches of the Soviet Academy of Sciences were created in all Central Asian republics, and import of US technology through the lend-lease program allowed for the growth of oil extraction and refinery capacities in the region. By the early 1950s, cadres from European Russia had been replaced by local cadres, a process of Kazakhization on the executive level, which coexisted, however, with a continued reliance on technological input from the Soviet center. When Nikita Khrushchev tried to decentralize industrial management through his “*Sovnarkhoz*” reforms,¹ the process only led to the stagnation of the local oil industry, due to limited local technological innovation capabilities at this stage. The reversal of the *Sovnarkhoz* reforms was followed by the 1973 oil crisis, which sent shockwaves through Soviet economy. Despite the onset of collaboration with foreign companies, Soviet oil production diminished in the 1980s, reflecting the overall economic decline. The official secrecy surrounding the catastrophe at Tengiz, the explosion of an oil well, 160 kilometers south of Guriev, which burned for 399 days in 1985–1986, dispersing toxic fumes into the atmosphere, foreshadowed the notorious Chernobyl catastrophe. In 1986–1987, joint-ventures with foreign companies were allowed, and by the early 1990s, the oil industry had been taken over by newly-independent Kazakhstan, which deployed a nationalist rhetoric describing natural resources as part of national wealth, to be exploited by the Kazakhstani people, and to be kept outside Russia’s influence.

The two papers reflect two different stages in the process described by Ger Duijzings in his introduction: the formation of economic elites at the local level, who acquired technical and economic skills necessary to fully benefit from the transition to capitalism, and the attempt of this new class to convert their wealth into political capital, but also more intangible values, such as public consideration. Despite the differences between the two presentations, the discussion revealed some points of convergence. Both researchers relied in part on oral interviews for their research: for Irina Morozova, combining oral accounts with official statistics allowed her to see the personal interests behind the numbers; for Tobias Köllner, building trust was essential to access the closed network of Russian entrepreneurs, and it was in the course of discussion and observation that his research questions emerged.

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¹ The *sovnarkhoz* (or Regional Economic Soviet) reform, introduced in 1957, divided the Soviet Union into 105 (later 47) economic regions. Central ministries in the economic fields were abolished and economic decision-making in was decentralized. The reform was abolished in 1965.



Panel overview:

Köllner, Tobias: Churches built with 'gold' or 'tears': The Legitimization of Wealth by Businessmen in Contemporary Russia.

Morozova, Irina: Behind Kazakhisation: the reconfiguration of oil elites in late and post-Soviet Kazakhstan.

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