The Sources of Russian Foreign Policy After the Cold War

EDITED BY
Celeste A. Wallander

WestviewPress
A Division of HarperCollins*Publishers*

1996

From Each According to Its Abilities: Competing Theoretical Approaches to the Post-Soviet Energy Sector

Matthew Evangelista

Of the sources of Soviet conduct during the Cold War, the international economy is rarely paid much attention. Indeed the "administrative-command" economy that so characterized the Soviet system was established, among other reasons, deliberately to insulate the USSR from the vagaries of the international market. Only in the 1970s did the Soviet Union increase its participation in the world economy, mainly through the sale of raw materials, primarily energy products, and the import of grain and machinery. Thus, the questions that interested political scientists working on economic matters in other countries—the determinants of free trade or protectionist trade policies, for example, or the impact of the world economy on domestic political coalitions and cleavages—seemed irrelevant to the Soviet case.[1]

Even if this were true for the Soviet period—and there is reason to doubt that such questions were entirely irrelevant—one would expect that the international economy would play an increasingly important role in the post-Soviet period, as the former republics of the USSR open their borders to foreign trade and investment and move away from Soviet-style central planning and state ownership. Under those circumstances we might also expect that theoretical approaches to studying the relationship between the international economy and domestic politics in the rest of the world would become more useful for understanding the sources of Russian conduct as well.

This chapter examines the Russian energy sector—the part of the economy that has the greatest contact with the international economy. The Russian Federation is the second-largest energy producer and the largest energy exporter in the world. It exports about 40 percent of its total energy production, despite that in its own domestic use it is one of the world's most energy-intensive economies. Energy products constituted 43 percent of all Russian exports to non-Soviet areas in 1989. They continued to dominate Russian exports in the years following the breakup of the USSR.[2]

The first part of this chapter summarizes two contending approaches to understanding the impact of the international economy on domestic politics—economistic and institutionalist—and evaluates their applicability to the post-Soviet case. The second part provides a brief discussion of the Soviet institutions that structured economic life and sought to insulate the Soviet economy from the world market; it considers the extent to which their legacy still affects energy policy in the former Soviet republics. The third part of the chapter examines the regional politics of energy policy in the Soviet and post-Soviet periods. The fourth section presents a case study of the coal industry from 1989 to 1994, a period marked by unprecedented levels of worker activism and discontent that produced cleavages along class, sectoral, and regional lines of the sort that theories of political economy seek to explain.

The International Economy and Domestic Politics

Bringing theories of international and comparative political economy to bear on the post-Soviet case is complicated by a number of factors. First, the economies of Russia and the other former Soviet republics are still at the early stages of transition from state ownership and central planning and it is not clear how soon, if ever, they will develop the market institutions and infrastructure that the theories assume. Second, the questions that the theories seek to answer—their dependent variables—differ among themselves and in their degree of applicability to the post-Soviet cases. In the following sections I summarize the various theories and the relationships they posit between the international economy and domestic politics and I suggest how one might use the theories to answer questions of interest about the post-Soviet political economy.

Economistic Accounts

The theories I term "economistic" are based on neoclassical economics and share the assumptions of that body of theory: that individuals possess a stable set of preferences—a "utility function"—and that they behave "to maximize their utility as rational actors who calculate the costs and benefits of every option."[3] Analysts in this tradition tend to neglect the influence of institutions, either by defining institutions as the product of individual and group interests or by putting them far down on a list of more important influences on behavior.[4] The various economistic accounts differ primarily in their unit of analysis—the level at which they aggregate individual economic actors—and in the political phenomena they seek to explain.

Factors of Production. The highest level of aggregation focuses on factors of production and is represented most prominently by Ronald Rogowski's study *Commerce and Coalitions.*[5] Rogowski seeks to explain the formation of broad political coalitions and cleavages in response to the expansion or contraction of international trade by drawing on the Stolper-Samuelson theorem. His explanation makes predictions about the locus of conflict within society on the basis of relative endowments of three factors: land, labor, and capital. An expansion of trade benefits the owners of factors in relative abundance and hurts owners of those in relative scarcity and vice versa. Thus, the relative endowment of factors in a given country suggests the nature of the political alignments that will form during periods of expanding or declining trade: urban-rural conflict, class conflict (labor versus capital), or a Red-Green coalition (labor and agriculture against capital).

Although Rogowski's theory was developed to explain political alignments in countries with open economies as responses to expanding or contracting trade in the international economy as a whole, an autarkic economy opening up to the world market should be expected to conform to the theory's predictions as well. As Rogowski and Frieden argue elsewhere, "even under Communist regimes people became aware of, and responded to, export and import opportunities."[6] A few specific problems arise, however, in considering the post-Soviet case. First, Rogowski considers the USSR during the interwar period and the depression to have been rich in land and labor but poor in capital. However, he describes the Soviet Union during the postwar expansion of trade as still rich in land, relatively rich in capital, but poor in labor.[7] Relative factor endowments—especially labor scarcity—in the Soviet case, however, owed more to policy and inefficiency.[8]

Furthermore, Rogowski's assumptions about factor mobility—perfect mobility of factors within national borders but immobility between countries—may not be met in the Russian case. Capital is transnationally mobile, but the fact that much of domestic capital is invested in obsolete technology and plants makes the assumption of its mobility dubious.[9] This is compounded by the possibility that the traditional three-factor model may have become anachronistic. A more useful threefold categorization might focus on factors such as skilled labor, unskilled labor, and capital or labor, human capital, and physical capital.[10] These categories may well prove more appropriate for analyzing the post-Soviet cases. They are consistent with the way most scholars and journalists in the former Soviet Union write about the politics of economic policy.[11]

If we do, however, accept Rogowski's basic three-factor model and its theoretical implications, we would expect to find conflict in the Russian energy sector pitting labor (the relatively scarce factor) against capital and land (the relatively abundant factors) as trade in energy products expands. In these economic models, natural resources such as oil and coal fall under the definition of land. So the expansion of trade in energy products should lead, for example, to conflict between oil workers and coal miners (labor), on the one hand, and the owners of oil fields and collieries (land) and oil refineries and coal extraction equipment (capital), on the other. The difficulty in identifying who these "owners" in fact are in the post-Soviet economic context does, however, render Rogowski's approach problematic.[12]

Sectors, Classes, and Firms. Many analysts have sought to disaggregrate socioeconomic interests into categories that, they argue, would provide more precise explanatory and predictive power than the three-factor approach.[13] Jeffry Frieden and others put most of their emphasis on sectors, whereas Helen Milner focuses on firms.[14] What they seek to explain varies.

Frieden seeks to explain why some sectors choose to lobby the government for favorable policies whereas others try to overthrow the existing order. The key variable for Frieden is "asset specificity"—the degree to which owners of particular assets (including their own labor) are able to be put them to alternative uses. The cost of transforming the asset to make it available for another use is, according to Frieden, what determines the propensity of owners of assets to lobby their government: "Owners of assets in an industry will expend resources to influence government policy toward their industry up to the point where it would make more sense for them to find another use for their resources."[15] Frieden expects that most political cleavages will fall along sectoral lines. In cases where the degree of asset specificity varies greatly between factors—for example, if skilled labor is tied to production of a particular product while capital is much more mobile—one could expect class conflict within sectors instead.

Frieden's model has the potential to provide insights into the conditions under which economic actors in Russia and elsewhere will expend resources to lobby or oppose their government. As with Rogowski's approach, however, some of the assumptions underlying Frieden's work may be problematic for the post-Soviet cases. His assumption that economic actors behave as self-interested utility maximizers may not be troublesome, even for the prereform Soviet Union. His definition of utility as *income* and his use of *relative prices* to characterize the economic environment could, however, be misleading.[16] The popular mot of the Russian worker during the Soviet era—"We pretend to work, and they pretend to pay us"—raises some doubts about income maximization as a primary goal under conditions where prices and wages did not reflect the actual value of products or labor and where shortages, forced savings, and "hidden" inflation made it difficult to measure changes in workers' standards of living or firms' profits.[17] Presumably one could come up with ways to evaluate the price of labor in terms other than wages that would be more germane to the post-Soviet circumstances (e.g., access to food and consumer goods at shops where one works). The measurement problems entailed in such an endeavor would, however, be daunting.

Helen Milner's work focuses on a level of analysis below both the factor and the sector: the firm. She seeks to explain states' trade policies (protection versus free trade) as a function of the degree to which their firms are integrated into the international economy. Firms that produce mainly for export naturally favor free trade. Firms that depend on inputs from abroad also prefer their country to maintain low tariffs on those goods to keep their prices down. The more a firm is "internationalized"—linked in a multinational network of suppliers and customers—the more it favors free trade. These generalizations should help to understand the preferences of Russian and other former Soviet firms for government trade policy, although the translation of firm preferences into government policy in a period of political uncertainty may be difficult to understand.

Institutionalist Accounts

Institutionalist approaches to political economy are not, strictly speaking, comprehensive alternatives to economistic ones. Whereas economistic accounts are grounded in neoclassical economics, for example, institutionalists do not deliberately seek to violate tenets of economic theory. Nor are institutionalist accounts necessarily "nonrational."[18] On the question of rationality and the source of actors' preferences, there is, however, a divide within the school of thought characterized as institutionalist. One recent review of the literature has distinguished "rational-choice institutionalism" from "historical institutionalism."[19] As with any dichotomy, this one is not entirely satisfactory, but it serves adequately to distinguish the different types of behavior that we could observe in the post-Soviet cases, all of which would otherwise fall under a general category of institutionalist explanation.

According to Steinmo and Thelen, rational-choice theorists view institutions as "features of a *strategic context,* imposing constraints on self-interested behavior" of rational actors. Historical institutionalists, by contrast, "find strict rationality assumptions overly confining." Some assume "bounded rationality" instead; others prefer to conceive of actors as rule-following "satisficers" (that is, as seeking satisfactory rather than best outcomes) rather than utility maximizers. Perhaps the key difference is that unlike rational-choice institutionalists, historical institutionalists are wary of assuming the preferences of economic actors as given. In their view, not only actors' strategies and behavior but also their very goals are influenced by the institutional context.[20] In some historical institutionalist accounts, institutions serve as sources of *internalized* goals or norms, whereas for rational-choice institutionalists they serve only as external constraints.[21] As with economistic approaches, institutionalist approaches to political economy seek to explain a range of phenomena, from a government's adoption of new economic ideas (such as Keynesianism or developmentalism) to the relative performance of states faced with a common external economic shock (such as oil price increases) or the constant pressure of international competition.[22] For the purposes of this chapter I evaluate the extent to which the institutional context helps to account for the observed behavior of actors in the post-Soviet energy sector in ways that noninstitutional, economistic approaches fail to explain. I start out with consideration of the obvious institutions associated with links between the international economy and post-Soviet domestic politics but consider, in discussion of the empirical material, some of the less apparent normative influences as well.[23]

The main insight from the institutional literature that we should expect to apply to the post-Soviet cases is the notion of "path-dependent" change. As David Stark explains, "Actors who seek to move in new directions find that their choices are constrained by the existing set of institutional resources. Institutions limit the field of action, they preclude some directions, they constrain certain courses. But institutions also favor the perception and selection of some strategies over others."[24] According to notions of path dependence, then, we might find the behavior of post-Soviet actors to diverge from economistic expectations in ways that reflect the constraints of the Soviet institutional legacy.

Institutions of Soviet and Post-Soviet Economic Policy

The Institutional Basis for "Socialism in One Country"

The two main institutions that sought to insulate the Soviet economy from the international economic environment were the state monopoly on foreign trade and the "administrative-command system" of central planning.[25] The foreign trade monopoly was deliberately designed to separate Soviet producers of exported goods and consumers of imported goods from their foreign customers and suppliers. Soviet enterprises were subordinate to the central planning organizations and ministries and were constrained to follow directives from the center rather than market signals from abroad.[26] In the command economy prices were centrally determined and used as accounting devices rather than as signals for allocation of resources. Thus, the USSR was able to insulate its development process from major international disturbances, such as the Great Depression. It certainly helped that, as the world's largest country and enormously rich in natural resources, the USSR was in an especially favorable position to attempt a policy of economic autarky, in pursuit of Stalin's goal of "socialism in one country."

Even when the USSR began to move away from autarky by expanding its international trade after Stalin's death, it was still able to blunt the effect of world economic changes. Unlike the case for open, market economies, changes in the international economy did not affect the Soviet economy directly through the medium of prices. The central planning system was deliberately designed to cushion and delay, if not nullify, the impact of world prices, and in many respects it succeeded. The so-called price equalization system kept domestic and foreign prices separate by offsetting changes in the foreign currency price of exports or imports through taxes and subsidies. Consequently, changes in external prices affected the Soviet state budget but had "no impact on domestic prices, production or consumption," as a major international study recently concluded.[27] Contrary to its role in market economies, the exchange rate in the USSR before 1987 was used, like domestic prices, as an accounting unit and played no part in the allocation of resources.[28]

Under the old system, prices played no role as signals for enterprises to alter their production. If a particular enterprise produced a product for export whose international price was increasing, the enterprise would see no change in its own receipts. The additional profits would be transferred to the state budget.

As a consequence of the price equalization system, Soviet enterprises had no incentive to export. Material incentives—in the form, for example, of worker and management bonuses—were tied to plan fulfillment, and standards for domestic goods were typically lower than those for exports. As Shmelev and Popov point out, "export deliveries were paid for in the same rubles and at the same prices as deliveries for the domestic market, but they were far more bothersome than products earmarked for a local consumer who was not very demanding."[29] Thus, Soviet enterprises preferred to fulfill the plan in products for the domestic market.[30]

Soviet economic institutions such as central planning and the foreign trade monopoly clearly shaped the economic incentives facing enterprises and workers dealing with international markets. Soviet groups and individuals were further constrained by a key political institution—democratic centralism—according to which the Communist Party leadership enforced discipline through the *nomenklatura* system of appointments at all levels of the economic and political administration.[31] Thus, even if groups and individuals could clearly recognize their interests vis-à-vis the international economy, they could not always act upon them.

Institutions of the Post-Soviet Energy Sector

The end of the Soviet Union and the advent in Russia and the other former republics of leaders who espouse pro-market economic policies have changed little in the energy sector. Many of the Soviet-era institutions no longer exist, but their legacy lives on in successor institutions and practices that influence the behavior of economic actors in much the same way.

In Russia, as elsewhere, the legacy of Soviet economic institutions remained strong, despite the Yeltsin government's avowed commitment to a market system. In many sectors of the economy the mechanism of central planning was replaced by a system of "state orders" (*goszakazy*) that amounted to much the same thing. For more than a year after the demise of the USSR, the "free market" for coal, for example, was hardly in evidence. In a typical case, the Vorkuta coal conglomerate (Vorkuta Ugol'), which consisted of fifty enterprises, including a dozen mines, received *goszakazy* requiring each mine to provide 83 percent of its output to the government. Only the remaining 17 percent could be sold through market mechanisms, such as they were. Coal required to fulfill *goszakazy* had to be sold at artificially low prices that did not cover the mines' costs. The difference was made up by government subsidies.[32] The same situation prevailed in the Donetsk coal-mining region of Ukraine.[33]

Well into 1993, the Russian oil and gas sectors were still run as government monopolies. When Russian and foreign press reports indicated in mid-May of that year that the industry might be broken up and privatized to spur competition and increase output, the minister of fuel and energy objected with the argument that "there is no more efficient industry in Russia than the fuel and energy complex."[34] He particularly opposed plans to divide up the industry on regional lines.

Plans for privatization of Gazprom, the state natural gas monopoly, were announced only in April 1993. The government proposed to retain 40 percent of the shares. Half of the shares would go to workers in the industry and to residents of gas-producing regions. Only 10 percent would be available to the general public.[35] The first privatization in the Russian oil industry came only at the end of 1993, when 12 percent of the stocks of the giant Iuganskneftegaz Production Association were sold at auction.[36]

Democratic centralism ended when the Communist Party lost its official monopoly on power during the last years of the Gorbachev period. Yet members of the old *nomenklatura* still maintain positions of economic and political power throughout the former USSR. Alumni and representatives of the energy sector are particularly prominent in the Russian government, starting with Viktor Chernomyrdin. Before his appointment as prime minister in December 1992, he served as deputy prime minister responsible for energy policy, and before that he was minister of the Soviet gas industry under Gorbachev. The new State Duma, elected in December 1993, contains many leading industrialists from the energy sector, including Vladimir Medvedev, head of the Union of Oil Producers and leader of one of the largest parliamentary factions, "New Regional Policy."[37] The potential for collaboration between the Chernomyrdin government and Soviet-era bureaucrats in the Duma alarmed some reformists. Ella Pamfilova, the ally of Yegor Gaidar, who resigned as minister of social protection after the election, criticized what she viewed as the dominance of the old energy sector *nomenklatura* in Russian politics. She claimed that the government was now in the hands of people who sought only to "grab Russia's petrodollars for themselves."[38]

Thus, much of the centralized, bureaucratic management of the Soviet era, with its attendant inefficiencies and corruption, remains. An institutionalist analysis of the post-Soviet energy sector would expect the behavior of relevant economic actors to continue to be shaped by that institutional environment.

Institutional Constraints and Regional Politics

A striking feature of the old Soviet Union was the vast disparity of resource endowments—particularly in the energy sector—and levels of economic development among the fifteen constituent republics.[39] Economistic theories would expect the disparity in energy endowments to yield tangible political consequences during a period of expanding international trade in the 1970s and 1980s. For example, those regions that had the most to gain from direct access to world markets would, according to this logic, be the first to seek economic autonomy from the central planning system. Institutionalist approaches, by contrast, would stress the power of Soviet institutional structures to distort the impact of the international environment, preventing actors from pursuing, and perhaps even recognizing, their interests vis-à-vis the world economy.

The central Soviet economic and political institutions succeeded in obscuring the influence of the international economy on Soviet domestic actors and hindering efforts at reform. More important, however, as theories of path dependence would predict, the central planning system in effect set the agenda and terms of debate about economic reform by its inefficient management of the domestic economy. The first item on the agenda of any reformer—including regional economic authorities—was weakening the power of the central planners, reducing hypercentralization and bureaucratic arbitrariness. In short, those whose interests might have been affected by changes in the international economic environment had first to fight against the institutions of the administrative-command economy that prevented them from clearly perceiving their interests let alone acting upon them.

Soviet Regional Politics and the Energy Sector

The energy sector is where we would most expect to see the influence of the international economy on Soviet regional politics. Energy accounted for 57 percent of Soviet exports to nonsocialist countries in 1985 (arms exports accounted for a further 16 percent). Oil alone represented 44 percent.[40] The institutions of "socialist federalism" and the administrative-command economy constrained the pursuit of local interests but did not eliminate all manifestations of them. Nevertheless, it is difficult to argue that the behavior of regional actors in energy-rich areas came in response to external economic trends (changes in the world market prices for oil, for example) rather than as a function of the shortcomings of Soviet economic and political institutions. On the contrary, as Bahry argues, "energy, fuels, and natural resources were a major regional preoccupation long before the energy crisis of the 1970s pushed them higher on the national government's agenda."[41] Scholars have found evidence of competition between coal-producing territories and gas- and oil-producing territories for priority in the allocation of central investment funds, but such competition would exist in a centrally planned, shortage economy regardless of the international situation.[42]

The Soviet authorities deliberately sought to limit the domestic impact of internationalization in the energy sector by relying on manipulation of relative prices. Whereas the world price for oil rose manyfold in the 1970s, for example, the domestic price remained almost constant for the Soviet oil-producing enterprises from 1971 to 1982 (see Table 8.1).

Although the artificial domestic price stability probably reduced the potential for regional conflict in the short to medium term, it had economic consequences that weakened the system in the long run. As Hewett, Gustafson, and others describe, attempts at insulation from foreign market pressures undermined important regime goals in the energy sector and in the economy at large. Maintaining constant domestic oil prices gave no incentives to enterprises to conserve energy, for example, and eliminated the potential payoffs to oil exploration teams for finding new oil.[43]

TABLE 8.1 World Oil Prices Versus Soviet Producer and Export Prices, 1971–1982 (in dollars per barrel)

	Soviet Prices			
	Paid to Oil Producers[a]	*Export to West*	*Export to CMEA*	*World Prices*[b]
1971	3.33	2.42	2.28	1.75
1972	3.63	2.42	2.73	1.90
1973	4.05	4.58	2.96	3.39
1974	3.96	11.23	3.29	11.29
1975	4.17	11.45	6.40	11.02
1976	3.99	12.31	6.68	11.77
1977	4.02	13.88	8.61	12.88
1978	4.38	13.41	11.15	12.93
1979	4.56	25.52	13.01	18.67
1980	4.62	34.76	14.59	30.87
1981	4.17	35.81	17.20	34.50
1982	4.14	33.00	N.A.	33.63

NOTE: All prices are best approximations, intended only to demonstrate trends.

[a]The prices paid to Soviet energy producers (as opposed to the prices Soviet industrial firms had to pay for oil) converted from rubles at the official exchange rate for the given year.

[b]Mideast Light Crude.

SOURCES: Ed A. Hewett, *Energy, Economics, and Foreign Policy in the Soviet Union* (Washington, D.C.: Brookings Institution, 1984), pp. 135, 155, 163; U.S. Central Intelligence Agency, "Economic and Energy Indicators," Report no. DI EEI 86-002, Washington, D.C., 17 January 1986.

From a political standpoint, the institutional constraints represented by the price equalization system, government censorship, and other limitations on information about world energy prices combined to prevent potentially affected groups from pursuing their interests vis-à-vis the international economy in ways that comparable groups in an open economy would do. Only when the institution of the administrative-command economy came under attack did regional interests even have the opportunity to express themselves in ways that economistic approaches would expect.

It is significant, however, that economic autonomy was not sought first by the natural resource-rich regions of Siberia and Kazakhstan but by the Baltic republics, which seemingly benefited the most in the energy field from their relationship with the center, namely, through receipt of subsidized energy.[44] Indeed, as Table 8.2 indicates, there is little correlation between the timing of a given republic's declaration of economic autonomy or independence and its relative endowment of the former USSR's main earner of hard currency—energy resources. Thus, concern to limit the international economic opportunity costs of membership in the "socialist federation" does not seem to have been the driving force behind the declarations of sovereignty.

It seems only reasonable to conclude that there were other reasons behind the various republics' demands for sovereignty besides the desire to limit the eco-

TABLE 8.2 Energy Export Shares and Timing of Sovereignty Declarations by the Soviet Republic

	Oil and Gas as Percentage of Republic's Exports, 1988	*Timing of Sovereignty*[a]	*Resource Rank*	*Sovereignty Rank*
Armenia	0.0	29	15	12
Azerbaijan	16.7	18	2	4
Belorussia	7.5	28	6	10
Estonia	0.3	8	12	1
Georgia	1.7	20	8	5
Kazakhstan	9.7	31	4	14
Kirghizia[b]	0.4	33	11	15
Latvia	0.1	16	13	3
Lithuania	8.2	14	5	2
Moldavia	0.0	27	14	8
RSFSR	16.5	27	3	6
Tadzhikistan	0.7	29	10	13
Turkmenistan	28.5	29	1	11
Ukraine	1.6	28	9	9
Uzbekistan	6.1	27	7	7

NOTE: Spearman correlation coefficient = .04, p-value = .90.

[a]Time elapsed, in months, between March 1988 and declaration of republican sovereignty or the equivalent (e.g., in Georgia, constitutional amendments gave the republic legislative sovereignty and the right to its natural resources; in Armenia, parliament passed a declaration of independence).

[b]Parliament failed to pass formal declaration of sovereignty after having approved first reading of draft; declared independence instead.

SOURCES: Misha V. Belkindas and Matthew J. Sagers, "A Preliminary Analysis of Economic Relations Among Union Republics of the USSR: 1970–1988," *Soviet Geography* 31 (November 1990): 629–654; Ann Sheehy, "Fact sheet on Declarations of Sovereignty," *Report on the USSR,* 9 November 1990, pp. 23–25.

nomic opportunity costs of relative isolation from the world economy. The most plausible explanations do, however, contain economic components. Roeder, for example, seeks to explain the counterintuitive finding that the most "successful" ethnic groups in the USSR—in terms of level of education and occupation—experienced the earliest and most intense expressions of unrest and dissatisfaction with the existing federal structure. He argues that the declining growth rates of the 1970s and 1980s forced ethnic leaders to press Moscow harder for investments and simultaneously brought questions of regional redistribution to the fore: "The cadres in the more developed union republics have been particularly quick to raise the banners of autonomy and sovereignty in order to blunt the redistributive consequences of all-union policies."[45]

In some cases the policies pursued by the independence-minded republics reflected efforts at international integration free of Moscow's interference. The Baltic republics' claims for control over their seaports are a case in point. More telling, though, were the measures intended to isolate their economies from those of the rest of the Union.[46] It is hard to argue that the policies of the republics in trying to break away from Moscow were driven strictly by pursuit of economic utility. Virtually all of them stood to lose. Half a year after the dissolution of the USSR, a U.S. intelligence report described the situation as follows:

> The non-Russian states are likely to suffer more damage than Russia from the disruption of trade among the former republics. All have smaller, less diversified economies—some with particularly narrow specialties—and almost all are considerably more dependent on trade, often in energy and food. Moreover, all but Azerbaijan and Turkmenistan will lose from the move toward world market prices because their export earnings will not rise nearly enough to cover the increases in the import bills.[47]

For some republics—most notably Latvia, Lithuania, and Estonia—it is doubtful that the goal of full independence was decided after careful benefit-cost analysis of the other alternatives. For most republics, the disintegration of the Soviet Union, and consequent independence, were the inadvertent results of their attempts to reform institutions (primarily the administrative-command economy) that were highly resistant to reform.[48]

Energy in Post-Soviet Economic and Foreign Policy

With the breakdown of most of the institutions of Soviet economic integration, economistic theories of political economy would anticipate an increasing tendency toward behavior driven by market forces and world prices. Institutionalist approaches would expect the legacy of Soviet integration to continue to influence behavior. The reality is more complicated than either theory would predict. Economic goals have come into conflict with broader foreign policy goals (not to mention domestic political imperatives) and, in considerable measure, have become subordinated to them. Wars and ethnic conflict have disrupted energy production, supplies, and trade relations in ways that would confound any theory, particularly those that incorporate only economic considerations.

Even after the breakup of the USSR, the former republics have failed to pursue policies consistent with simple economic rationality, as economistic theories might anticipate.[49] The same states whose resource endowments (as depicted, for example, in Table 8.2) could afford them a considerable measure of independence from Russia—Kazakhstan and Turkmenistan, for example—have been most favorably disposed toward economic integration within the framework of the Commonwealth of Independent States. By contrast, some of the states with the most to lose—the Baltic republics, Ukraine, and Georgia, for example—have resisted integration.

In one respect, the disintegration of the USSR should have favored "marketization" as the centrally planned system of interrepublic trade broke down. We might have expected an attenuation of the institutional arrangements that would create a market environment and favor noninstitutional, economistic explanations for behavior. Such an outcome is still possible, but for now the old structures have been replaced by a mixed market/barter system of interrepublic trade, with Russia playing a dominant role in negotiating prices.[50]

Generally the energy-exporting republics, led by Russia, have sought to impose world prices on their ex-Soviet trading partners.[51] That attempt has created a crisis of nonpayment, a buildup of arrears, a series of mutual recriminations, and Russian threats to cut off energy. Probably not by coincidence most of the conflicts have come between Russia and the republics with which it has other serious disputes—for example, with Ukraine over its nuclear arsenal, the Black Fleet, and Crimea, and with the Baltic republics over their treatment of Russian-speaking citizens and units of the Russian military remaining on their territory.[52] It is hard not to suspect that Russia is using energy resources as an instrument of broader foreign policy goals.[53] The government managed to use Belarus's desperate energy situation to persuade it to join with Russia in a monetary union—a step back toward Soviet-era integration that many Russian politicians favor.[54] Sometimes in the absence of other causes for dispute, energy policy has strained relations, as with Russia's otherwise reliable ally, Kazakhstan.[55]

Struggles over energy resources, especially oil, have contributed to conflict in various regions of the former USSR, particularly in the dispute between Armenia and Azerbaijan.[56] Oil is also a factor in many regional disputes within Russia and could contribute to instability and possibly disintegration of the federation.[57]

As a guide to future developments in regional policy related to the energy sector, the economistic and institutionalist approaches to political economy shed light on some of the relevant actors' motives and some of the constraints on their behavior. But in the post-Soviet period, questions of energy policy have become so enmeshed in broader issues of foreign policy, ethnic conflict, and war that even the best theories of political economy will fall short. A more modest and appropriate goal would be to use the theories to examine a particular sector of the energy industry and the behavior of economic actors within that sector. Accordingly, the following section looks at the coal industry. Although we cannot expect to study that sector in isolation from all noneconomic events—the dramatic transformation of the Soviet Union left nobody unaffected—we can provide a more reasonable testing ground for the competing theories.

The Coal Industry: Path Dependence and Ideology

The coal industry in the former Soviet Union provides a useful case study for exploring the relative merits of economistic versus institutionalist approaches. In its position vis-à-vis the international economy, coal mining resembles the oil industry: During the 1970s, prices for coal increased on world markets while remaining stagnant on domestic ones (see Table 8.3).

Although demand for coal from the former USSR is not as high on international markets as for oil, coal as a "substitutive good" should be affected by changes in the world energy market, even if they are driven mainly by supply and demand for oil.[58] Prices for coal should track those of oil and gas. In the countries of the former USSR, coal still accounts for 24 percent of energy production. More than a quarter of all the coal produced is consumed by iron and steel pro-

TABLE 8.3 Soviet and U.S. Coal Prices, 1970–1989 (in dollars per metric ton)

	Soviet Prices[a]	*U.S. Prices*[b]
1970	13.24	6.90
1971	13.24	7.79
1972	14.43	8.44
1973	16.11	9.40
1974	15.75	17.36
1975	16.58	21.19
1976	15.87	21.41
1977	15.99	21.84
1978	17.42	24.00
1979	18.13	26.06
1980	16.05	27.02
1981	14.29	28.97
1982	13.50	29.91
1983	18.64	28.49
1984	16.95	28.11
1985	17.02	27.66
1986	26.34	26.12
1987	22.34	25.35
1988	23.40	24.24
1989	22.25	23.99

NOTE: All prices are best approximations, intended only to demonstrate trends.
[a]Steam coal.
[b]Bituminous coal and lignite; free on board, mines.
SOURCES: Organization for Economic Cooperation and Development and International Energy Agency, "Russian Energy Prices and Taxes," 11 June 1992; Energy Information Administration, *Coal Data: A Reference* (Washington, D.C.: U.S. Government Printing Office, 1993).

ducers alone. Moreover, there is an extensive interrepublic trade in coal.[59] In these respects, then, the coal industry should serve as a good test of theories of political economy.

The case of the Soviet coal miners offers an opportunity to illustrate in some detail the interplay between the external economic environment and internal institutional legacies. The case provides evidence of sectoral, regional, and class conflict, some of which conforms to expectations of the economistic approach to political economy. Other evidence suggests the importance of path dependence and institutional legacies as well as normative and ideological influences that go beyond the standard institutionalist accounts but are favored by some historical institutionalists.

The coal industry in the former Soviet Union came to national and international attention thanks to an unprecedented level of strike activity by coal miners. The first wave occurred in July 1989 when over 400,000 miners carried out the largest strikes in Soviet history.[60] The miners struck again in spring 1991 when it

became clear that the Soviet state was incapable of fulfilling the agreement that ended the earlier strikes. At this point, the miners contributed to the disintegration of the USSR by successfully agitating for the republics to take control of the mines and for demanding the resignation of Gorbachev, his cabinet, and the USSR Supreme Soviet. In Russia, following the breakup of the Soviet Union, the situation in the mining regions remained tense, as the miners' economic situation became increasingly desperate, despite (or because of) halfhearted attempts by the government to implement reforms. Throughout 1993, warning strikes and threats of mass strikes were frequent. Regional strikes occurred in late 1993 and early 1994; an industrywide strike on 1 March 1994 involved some 75 to 80 percent of the miners.[61]

We can test the utility of economistic and institutionalist explanations for the miners' behavior by organizing our discussion according to the three main periods of strike activity—summer 1989, spring 1991, and 1993–1994—and trying to account for peculiarities and anomalies within and between them.

The First Wave: Summer 1989

The main questions of interest here are Why did the coal miners strike? What accounts for regional differences in the miners' demands? What determined the pattern of coalitions and cleavages that emerged on sectoral, regional, or class lines?

Regional Differences. Regional variation makes the coal industry of particular theoretical interest.[62] Three of the major coal-producing areas—the Kuznetsk basin (Kuzbass) in western Siberia, the Donetsk Basin (Donbass) in eastern Ukraine, and Karaganda in Kazakhstan—accounted for more than half of total Soviet coal production.[63] They differ in several respects. The Kuzbass has generally high-quality coal in relatively accessible deposits. Worker productivity was high by Soviet standards, owing in part to substantial bonuses for working in Siberia. The Kuzbass miners initially seemed confident that their mines could be run profitably. They demanded self-management of their mines and within a year of the strike had succeeded in signing export contracts with Japan.[64] The Donbass miners were more pessimistic—with good reason. Their mines are "old and near exhaustion, marked by deep shafts (in excess of one kilometer), high temperatures, narrow seams (less than one meter on average), high accident rates, and low pay."[65] The profitability of the Karaganda mines was also open to question. Moreover, the quality of its coal—its caloric content—is too low for world market standards.[66] A fourth area—the Vorkuta and Inta mines of the Pechora Basin—is unusual in several respects. Located north of the Arctic Circle in the Komi Autonomous Republic (part of Russia), Vorkuta's climate is harsh and work conditions are severe. As a former "island" in the Gulag archipelago of prison work camps, it has long borne the heavy institutional legacy of Stalinism.[67]

The economic policies promoted by the strike committees in the four regions appeared to correspond to their situations, with the Kuzbass workers most enthusiastic about economic autonomy and regional self-management, the Donbass and Karaganda regional committees less willing to risk loss of central government subsidies, and the Vorkuta workers exhibiting the most militant and hostile attitudes toward Moscow and its local representatives.

Against the System. Perhaps most revealing, though, is that all of the miners expressed the same criticisms and frustrations about the hypercentralized planning system and the inefficiencies and irrationalities it introduced into their work. Thus, in all cases demands for regional economic autonomy and control over local resources seemed overshadowed by, or at least conflated with, demands for less interference from the planners of the Party bureaucracy or apparat. At least at first, the miners seemed less concerned about earning world market prices for their coal than about making their work situation tolerable by doing away with the absurdities of Soviet central planning. A 1989 survey of striking Donbass miners, for example, revealed that their main grievance—ahead of low wages, high prices, and poor working conditions—was the shortage of basic goods, particularly soap.[68]

As theories of path dependence would suggest, the miners' actions were constrained by the existing institutional structures. In the hypercentralized Soviet system the only way to get their demands met was to appeal to the "Center"—to the Coal Ministry and to the Soviet government in Moscow. Mine managers and local authorities were usually able to deflect pressure from themselves to Moscow and even to incorporate their own concerns into the miners' list of grievances.[69]

Many activists believed that dramatic measures were necessary to break the power of the central apparatus. An adviser to the Kuzbass strike committee suggested, for example, that although many manifestations of regional separatism were extreme, they were necessary for transforming the hypercentralized economic system into something more efficient: "We are compelled to seek to split off in order to break that rigid centralization, to break with that *stupid* phenomenon existing in our country. And only after we have broken that rigid centralization, when we have local budgets, local financing—only if local governments have their own funds—will they possess real power, because money is power."[70]

Not only were the perceptions and behavior of the miners conditioned by the existing institutional structures, but—again, as the notion of path dependence implies—so were the outcomes. Only in the Soviet system, characterized by what Crowley describes as the "mutual dependence" between the Soviet worker, the enterprise, and the ministry,[71] could one find such a peculiar and internally contradictory document as the agreement that ended the miners' strike in the Donbass in July 1989. The first item of agreement was "to grant complete economic and legal independence to mines, enterprises, and organizations of the coal-mining industry in Donbass." The remaining forty-six items were appeals to the Ministry of Coal for such specific measures as permission to declare Sunday a common day off in the mines, wage and pension increases, full payment for the time needed to travel from the mine shaft entrance to the coal face and back, and agreement "to establish a supply quota for toilet soap for workers in the Donbass coal-mining industry at 800 grams a month, starting from August 1989."[72]

Up until the end of Gorbachev's experiment in perestroika, the uneasy relationship persisted between the miners' demands for more economic autonomy and the institutional legacy of the centralized system that was responsible for providing for everyone's needs. It is aptly illustrated by a couple of anecdotes. In December 1989, the radical miners of Vorkuta in Siberia ended the longest strike in recent Soviet history (thirty-eight days) after a promise from the minister of the coal industry guaranteeing complete economic independence for the Vorgashorskaia mine. The next day, as if in reward for ending the strike, 120 Panasonic television sets arrived in the nearby town of Sykyvkar—causing a riot that the police broke up with tear gas.[73] Following the successful wave of strikes during 1989, many workers' committees sought to pursue their economic and political goals through participating in the electoral campaigns for local and republic Soviets in early 1990. Political mobilization reached its height in February in Donetsk, where a nonstop, seven-day meeting was held in the main square. Ironically, the citizens had originally assembled there in response to a rumor that a shipment of imported shoes had arrived—they wanted to find out where it had gone.[74]

Sectoral and Regional Conflict and Collaboration. During the strikes of 1989, many of the miners recognized the potential for sectoral conflict and deliberately sought to foster good relations with workers from other branches of the economy. At the same time, they accused the central authorities of pursuing a strategy of divide and conquer by portraying the miners as selfishly seeking advantages over other socioeconomic groups, telling "everybody that we were demanding specific consumer goods of which there are shortages."[75]

A natural reaction to conflict with the Party apparat and the central authorities was to pursue solidarity with other workers on a regional basis. Thus, in the Kuzbass the Regional Council of Workers' Committees that emerged from the July 1989 strikes eventually came to include not only miners "but chemical industry workers, railwaymen, steel workers, power generation workers, agricultural workers—the whole economy."[76] A similar situation developed in the Donbass: "The workers of other branches of the economy did not support us [at first], neither did the rest of the country. But after a while the coke-chemical workers, the steel workers, realized that the miners had, after all, taken the right path. So they decided to join with us and present a united front."[77] In Kazakhstan, the miners pursued creation of a broad front encompassing "all progressive organizations, from the greens, the ecology movement at one end, to the Communist

Party on the other."[78] The miners of Kazakhstan had close links to the region's large grass-roots antinuclear movement and threatened a general strike if the government did not abide by its demands to close the nuclear test site at Semipalatinsk.[79]

Sometimes cooperating with other sectors required the miners to sacrifice some of their own objectives. In October 1989, the miners of Vorkuta planned a major work stoppage to protest the government's recent limitations on workers' right to strike. They came under pressure, however, from steelworkers at a nearby combine who argued that its furnaces would be damaged if coal supplies were not resumed.[80] Perhaps more important, the workers would have lost their bonuses if they failed to produce their quota of steel. In any case, the coal miners compromised and limited their action to a two-hour stoppage.

Despite the efforts at intersectoral solidarity, some of the interests of workers in related sectors were clearly at odds and probably irreconcilable under the Soviet system. Higher wholesale prices for energy products would benefit workers in the coal and oil industries, for example, but would hurt workers in energy-intensive industries because profitability would decline under the new system of cost accounting (*khozraschet*) and workers' wages would suffer. In early 1990, threats of strikes from workers in steel mills and pulp plants forced the Soviet government to retreat after it had proposed to increase fuel costs to enterprises as part of a supposed move to a market economy. At the same time, oil and mine workers were demanding higher prices for their commodities.[81]

In some instances, competition with other sectors mitigated class conflict within the mining communities. Sometimes the new independent miners' unions cooperated with their supposed nemesis, the Ministry of the Coal Industry, as when they allowed the ministry to finance the second Congress of Miners in autumn 1990.[82] Cooperation with local officials was not uncommon either. In one town in the Kuzbass, the chief of the regional police provided the striking miners with daily reports ("as you instructed") on the situation in town.[83] In another town, a delegation from the strike committee went to inspect the apartments of local officials and found, to their surprise, that "the contents of their refrigerators were the same as everyone else's."[84] Such occurrences undoubtedly made it easier for the miners to downplay class conflict in favor of regional solidarity.

One should not, however, understate the degree of worker-management conflict in the mining industry. In some particular areas it was quite intense, even before the strike wave of 1989. The Vorkuta workers in the far north were particularly noted for their hostility to local officials and management—very likely the legacy of the region's history as a prison labor camp.[85]

The Second Wave: Spring 1991

The strike wave of spring 1991 was precipitated by immediate economic concerns—namely, the Soviet government's failure to abide by the terms of

Resolution 608, the agreement that ended the strike of 1989. But the strike soon became politicized, with the miners demanding the transfer of coal and other industries to republican control; the resignation of Gorbachev and his cabinet; and the dissolution of the USSR Supreme Soviet and Congress of People's Deputies.[86] Why did the miners' grievances shift from bread-and-butter issues to political demands for regional autonomy and a market economy? Why did some mines choose not to strike at all?

Who's the Boss? The strikes of 1989 gave rise to an independent coal miners' movement and new leaders who saw their role as representatives of a work force in an essentially adversarial relationship with its employer—something very different from the traditional role of Soviet trade unions.[87] But in the Soviet case, the employer was not simply the management of the factory or mine, as one activist argued in a speech to his comrades: "Go ahead, conclude a contract. But remember one thing—where is the money you need? You can remove the director, but you won't find the money. . . . I see a different answer: The contract should be with the owner, and we have only one owner—the state."[88] The implications of that reality became clearer in the period between 1989 and 1991. As a leader of the Independent Miners' Union described:

> For many years we were told that we, the workers and peasants, were the masters of our country, and that property in the USSR belongs to the entire people. However, in 1990 the USSR Supreme Soviet adopted the Law on Property, and it turned out that it no longer belongs to the people: [the majority of it] belongs to the state. . . . Therefore, this law confirmed that a certain opposition exists in our country between the state . . . and hired labor. This opposition is part of an objective reality, and that is why trade unions should reckon with it.

Thus the miners concluded that "the main task of our trade union is to oppose the employer, that is the state."[89]

The opposition of workers to the state seems consistent with Rogowski's expectation that in Russia—a relatively labor-poor, but capital- and land-abundant economy—conflict should pit the workers against capital and land. In the early 1990s, the state was still the main provider of capital and the main owner of land and natural resources. In Rogowski's theory, the expansion of international trade in energy products should put pressure on workers and drive their wages down while providing benefits to the owners of capital and land—in this case, the state.[90] The situation appears compatible with Frieden's focus on asset specificity as well. Many mines are located in isolated villages that function, in effect, as "company towns." The miners, by their skills, are very much tied to their profession (consequently their demands to the government usually include appeals for job retraining). The state-as-capitalist, by contrast, has considerable flexibility in deciding where to invest its resources—in this case, subsidies from the state budget. Frieden would under these circumstances predict more class conflict, between the miners and the state, than sectoral conflict between the coal industry and other industries.

The first realization for the miners then was that the main conflict was between them and the state. The next realization was that the Soviet state, unlike conventional employers, was unable, or unwilling, to carry out agreements to which it had committed itself. As a leader of the Kuzbass miners put it, "When the strike commenced, the miners' demands were limited to economic concerns—the doubling of wages. But then we realized that this government is not capable of fulfilling this demand. We then made the realization that under this government, under this system, none of our economic demands can be fulfilled."[91] Consequently the miners decided, in effect, to fire their boss—the Soviet government—and seek a new owner and negotiating partner in the republican governments.

Republican leaders, most notably Russia's Boris Yeltsin, recognized the benefits to their personal political fortunes of securing the backing of the miners. The strikes ended when Gorbachev, Yeltsin, and eight other republic leaders signed the so-called Nine Plus One Agreement, which transferred jurisdiction over the mines to the republics.[92]

What's a Market? The failure of the Soviet government to fulfill the miners' demands, combined with a keen understanding on the miners' part of the adverse consequences of Soviet overcentralization, goes far in explaining the miners' quest for regional autonomy. But why did they agitate for transition to a market economy? An economistic approach, such as Frieden's, that focuses on the impact of relative price changes on economic actors' behavior would call attention to the discrepancy between world market and internal producers' prices for coal. The miners' action, in this explanation, would be a straightforward effort to eliminate the opportunity costs of selling coal on the domestic market to capture the additional revenues from the world market price. Although some evidence suggests that internal and world prices for coal had already come into alignment by the late 1980s (see Table 8.3), many miners still perceived that they were not receiving the prices that coal commanded on world markets.[93]

Other analysts have suggested that the miners pursued a rather narrow notion of economic self-interest—one that could not abide a market economy—but that they were essentially duped by neoliberal politicians into supporting the capitalist project.[94] This account, however, underestimates the extent to which the miners genuinely advocated what they considered a "market" system.

The key to resolving this puzzle lies in figuring out what the miners understood by "market."[95] They essentially appear to have meant a mechanism that would ensure them a more equitable, just wage than what they received through the administrative-command system. Frieden's insight is right that the miners noted a discrepancy between the value of their product and its price in the Soviet

economy. But in their view, the product they sold was labor, not coal. Both absolutely and relatively speaking, they thought the price was too low. A Kuzbass miner, explaining his union's goals in advocating a new strike in 1991, said: "Now we sell ourselves for 10 percent of what we earn and live like slaves." After concluding an agreement on wages and on monthly wage indexation, "then we will sell our labor power every month" for a fair price.[96] Miners at both the rank-and-file and leadership levels were quick to compare their wages to those of U.S. miners, in the same terms. A key negotiator for the miners pointed out in an interview, for example, that "if a worker in the USA gets 70 percent of his labor's worth or even more, in the USSR we get only 5–10 percent."[97] A miner from Rostov argued, along the same lines: "For every dollar you earn you get 60–75 cents, while we get only 13 kopeks from every ruble. And from that 13 kopeks they still take out taxes. With the remaining 87 kopeks, 'they' buy whatever they want."[98]

Soviet miners clearly felt that they were being exploited by "the system," that unproductive bureaucrats and officials were siphoning off money that rightfully belonged to them, and that a shift to "the market" would end the exploitation and bring about social justice. As one miner colorfully explained to Steve Crowley:

> For what is all this wealth lumped together from above, and then handed out, to whoever needs it? Like some great uncle sitting on a sack: to you Vanya, I'll give you this, but to you Fedya, nothing. This is no market. A market is this: I earn my own, I buy my own, having sold my labor power. But we don't have this. Here they say to you, Vanya, you'll receive this much. Receive, and not earn. There's a big difference in this—each should get according to his labor.[99]

It may be apparent by now that what the miners describe as a market is founded on Marx's labor theory of value. The slogan "From each according to his ability, to each according to his labor" does not depict modern capitalism. It was Lenin's definition of socialism.

So those who argue that the miners did not genuinely support the neoliberal project of market reform are probably right. But they did support their own notion of reform, to which they gave the name "market." This terminological confusion would appear to be an important part of the explanation for how the coalition of militant workers and free-market reformers who helped break apart the Soviet Union found common cause. The explanation is not captured at all by economistic approaches to political economy. Institutionalist approaches work only if we assume that the ideological and normative influences that shaped the miners' conception of social justice were the product of Soviet institutions—a plausible, but not necessary, assumption.[100] Unions in the United States and elsewhere often negotiate with reference to how much their company earned in a given period and whether the workers were receiving a "fair share" of the profits—a similar notion of social justice as the one espoused by Russian coal miners.[101]

Why Some Mines Did Not Strike. The economistic accounts, despite their failure to explain key aspects of the miners' behavior, are still of some use. They direct us to the underlying economic forces that often motivate actors in the absence of strong institutions. In this case an economistic approach might explain why some mines failed to join the strike wave in 1991. In his important study, Crowley compares enterprises in the steel industry to coal mines to understand why the latter struck while the former for the most part did not. He also compared mines that struck to those that did not. In his analysis, mines and firms that remained open "all shared a common characteristic: the enterprises were all linked to a trading partner in such a way that a strike would cut off the provision of vital goods or services to the work force."[102] So economic self-interest underlay workers' decisions about whether to strike. But only certain enterprises afforded their workers the opportunity to improve their welfare by staying on the job. They were the ones that had, in effect, evaded the institutional constraints of the hierarchically organized Soviet economy in favor of regional, horizontal links with other enterprises; these ranged from local collective farms to joint ventures with foreign trading partners.[103] The logic of this explanation resembles somewhat Milner's argument that firms that benefit from a network of international suppliers and customers do not seek protectionist trade policies.[104]

The Third Wave: 1993–1994

The third wave of strike activity, threatened throughout 1993, erupted in the late autumn and continued into the following year. It saw a curious reversal of many of the miners' previous demands. Instead of economic autonomy and increases to world market prices for their coal, the miners came to demand more subsidies from the central government and, on the surface at least, the return to a more paternalistic relationship with the state.

Throughout 1993 pressure had been building in the mining communities in Russia based on a straightforward economic grievance: The miners were not being paid. Already in 1992 shortages of cash had prevented some miners in Vorkuta from sending their children to summer camps in the south.[105] In February 1993, some mines in the Kuzbass reported that they had received no wage allocations since November 1992.[106] A year later the Vorkuta Ugol' association reported that none of its mines had received money for wages since the previous August. Some Vorkuta miners went on a two-week hunger strike to convince the Russian government to come up with the funds.[107] By all appearances the government was delaying the wage payments as a cheap way to contain the budget deficit. With high rates of inflation, the miners' money lost much of its value over a several-month delay.

The miners threatened to strike and issued demands including regular payment of wages, wage indexation, and in some cases privatization of the coal industry.[108] During the period preceding Yeltsin's April 1993 referendum, the coal miners of Kuzbass and Vorkuta announced an impending strike but agreed to postpone it until after the vote. Yeltsin responded by making a play for their support—by lowering the taxes on coal exports and implying that there would be future wage increases.[109]

In July the Russian government raised coal prices—something that would appear to have been in the miners' interests and was included among their demands during previous strikes. The government simultaneously sought to eliminate state subsidies and get plans under way to close the least productive mines.[110] At the same time it continued its practice of delaying wages. The miners protested the increase in coal prices and the threatened mine closures by engaging in warning strikes.[111] Mine builders in Vorkuta went on strike in February 1994 and a mass strike, in which 75 to 80 percent of the miners participated, took place on 1 March.[112]

Explaining the high level of strike activity under conditions of chronic nonpayment of wages poses little problem. Strikes were endemic in the Russian economy during 1993–1994 in many industries besides mining: teachers, radio and television workers, ambulance drivers, lumber workers, nuclear researchers.[113] What at first glance seems more puzzling is why the coal miners reversed their position on coal prices—opposing the government decision to free them—and sought a return to state subsidies. At a general level the finding that the government wanted to free coal prices while the miners wanted to maintain subsidies is consistent with Rogowski's expectation. In his terminology, the state, as the owner of abundant factors, land and capital, would prefer free trade, therefore allowing prices to reach their world market levels. The miners, as the owners of the scarce factor, labor, would demand protection in the form of subsidies.

But how does the miners' demand for subsidies square with proposals issued by some mines for full privatization?[114] Understanding the miners' behavior requires taking into account their conceptions of privatization, relations between the state and the mines, and the impact of Soviet-era price distortions on the welfare of the Russian mining communities. To take the last point first: The miners came to see price increases in the energy sector as ultimately damaging to their interests. The higher prices caused inflation throughout the economy and specifically contributed to higher costs for metal and mining equipment, for heat and electricity in the coal industry complex, and, perhaps most significant, to higher rail transport costs, which threatened the competitiveness of Russian coal prices on world markets.[115] Higher energy prices also contributed to a recession in the iron and steel industry—one of the main consumers of Russian coal.[116] The hard-won wage increases—the result of the earlier strike waves—only contributed to resentment among nonminers in the coal communities, who were forced to pay the higher prices (sometimes 50 percent more than in surrounding regions) triggered by the miners' wage increases, but often on one-tenth the salary.[117]

The miners' attitude toward subsidies, as with their conception of "the market," seems to have been based on the labor theory of value. Social justice, in their view, demanded that they be paid a fair wage as compensation for their difficult and dangerous work. The state, as the main customer for their product, was required to pay a price high enough to secure a fair wage or, instead, to provide subsidies to make up the difference between the market price and the amount that would provide the workers appropriate remuneration for their labor. In fact, this understanding was reflected in the price system itself within the coal conglomerates—making the price system, in effect, the institutional manifestation of a norm ("social justice," as defined by the labor theory of value). The *short price* represented the cost to the mine of extracting the coal; the *long price* consisted of the short price plus the additional cost of social infrastructure (daycare centers, the sewage and water department, the collective farms) and the administrative apparatus of the conglomerate itself. State subsidies typically made up the difference between the short and long prices. The administrative apparatus of the conglomerate controls the distribution of the subsidies, although, according to one account, some portion of the funds "goes back upstairs" to the association, Rossiia Ugol', "a political interest group in Moscow that bargains on behalf of the mines with the Ministry of Fuel and Energy."[118]

The appeal to some miners of privatization can be best understood again within the context of the labor theory of value and their sense of exploitation under the old system. First of all, privatization for the miners meant a transfer of ownership and day-to-day management to the workers. They did not by and large expect outside corporations to take over control of their mines. In Crowley's words, "They had no intention of replacing the exploitation of the state with that of a private owner."[119] Worker self-management gave the miners the opportunity to eliminate the bloated staff of administrators, who, in the miners' view, were essentially unproductive and certainly undeserving of their relatively high wages. Miners who sought privatization were especially keen to take control of the subsidies (the difference between the short and long prices) out of the hands of the conglomerate's administrators. They believed that they could organize the work and provide social services more efficiently than the bureaucracy. In fact, in those mines "privatized" to the workers' collective, labor productivity has increased, whereas elsewhere in the industry it has continued to fall.[120] There appears to have been some economic basis to the miners' sense of exploitation.

Thus with the labor theory of value informing their notion of what a market system means, the miners would see no contradiction between subsidies, privatization, and the market. Nor would the miners need to have read Marx to come to those conclusions.[121] Consistent with a historical institutionalist explanation, one might argue that Soviet institutions indoctrinated Soviet workers to believe in Marxist notions of social justice (although the reality of the "workers' state" might have caused some cognitive dissonance). One should also entertain the possibility, however, that the perceptions of the Russian coal miners reflect more universal notions of social justice, in which case an institutional explanation would be superfluous. Finally, Russian coal miners understand that their demands—however internally contradictory they might seem by the lights of economic theory—are not peculiar to their situation. They are well aware, for example, that all modern market economies subsidize their coal mining industries in one way or another, even if the industries operate mainly in the private sector.[122]

Some prominent U.S. politicians and economists have argued that successful Russian economic reform requires the government to remove subsidies to the coal industry and shut down inefficient mines. They have implied that further economic aid is contingent on following Western prescriptions.[123] Meanwhile, analysts in Russia and abroad give conflicting accounts of the prospects for the coal industry, even if it overcomes its current crisis. Some studies predict a "substantial contraction in the total market for coal," whereas others anticipate stability or moderate growth.[124] Undoubtedly, pressure from Western countries and international financial institutions that provide aid to the former Soviet economies will play some role in the fate of coal industries there, as will international market conditions. The discussion here suggests, however, that other factors, such as the normative perceptions of the miners themselves and the institutional legacy of the Soviet economic structure, must be considered as well.

Contributions and Limitations of Political-Economy Approaches

Both economistic and institutionalist theories of political economy have something to contribute to understanding the impact of the international economy on Soviet and post-Soviet domestic politics. Institutionalist accounts performed best in explaining why changes in the international environment—especially the increase in energy prices after 1973—failed to translate into demands for regional autonomy on the part of energy-rich republics, as economistic approaches might have expected. Economistic theories did better in accounting for some of the behavior of economic actors within specific sectors, such as the coal industry. For example, Rogowski's theory, based on a three-factor model of international trade, seemed to account in broad terms for the main locus of conflict—between workers and the state. Frieden's work contributed to our understanding of some of the motives of the miners, but many of his assumptions—for example, about the role of wages and prices—seemed difficult to apply to the Soviet and post-Soviet cases.

Institutionalist approaches captured well the structural constraints on miners' perceptions and actions and the path-dependent nature of their efforts at effecting change. Particularly important for explaining the nature of the miners' demands was the understanding that much of their thinking about the market was based on the labor theory of value. Only some historical-institutionalist approaches would include such ideological and normative considerations within their purview.

This discussion has highlighted not only the contributions but also the limitations of the political-economy approaches. Moreover, it appears to call into question the initial assumption of this chapter—that the international economy would exert a greater influence on post-Soviet domestic politics of energy in the future than in the past. The role of the international economy contributes comparatively little to making sense of the politics of the energy trade among the former Soviet republics. The sources of Russian conduct are tied up so much more with broader issues of foreign policy, ethnic conflict, and outright war than international economics.[125] Even understanding the narrower subject of the coal industry requires more than consideration of the effect of the international economy or the use of theories that link international economics and domestic politics. The ideological, normative, and institutional legacy of the Soviet Union exerts a powerful influence on economic actors in the former USSR. Studying the sources of Russian conduct, therefore, requires combining broad theoretical generalizations with attention to the specific historical context. In doing so, we preserve an important methodological tradition of Soviet studies—one of the more valuable legacies of the Soviet experience.

Notes

I am grateful to Sharon Werning for research assistance. I have benefited from the comments of Celeste Wallander, Rob Darst, and the other participants of the Olin series as well as those of Dale Copeland and Peter Katzenstein.

1. This chapter draws on my discussion of the impact of the international economy on the demise of the USSR: Matthew Evangelista, "Stalin's Revenge: Institutional Barriers to Internationalization in the Soviet Union," in *Internationalization and Domestic Politics,* ed. Robert Keohane and Helen Milner (Cambridge: Cambridge University Press, forthcoming). It includes an extended discussion of the institutional basis of the Soviet political economy, summarized in this chapter, and a discussion of the coal industry up to 1990, some of which appears here as well. I thank the editors of that volume for stimulating my interest in this subject.

2. World Bank, *Russian Economic Reform: Crossing the Threshold of Structural Change* (Washington, D.C.: World Bank, 1992), p. 175; Jeffrey W. Schneider, "Republic Energy Sectors and Inter-state Dependencies of the Commonwealth of Independent States and Georgia," in *The Former Soviet Union in Transition,* papers prepared for the U.S. Congress Joint Economic Committee, ed. Richard F. Kaufman and John P. Hardt (Armonk, N.Y.: M. E. Sharpe, 1993), pp. 475–489.

3. For a summary and critique of the neoclassical model, see Gary R. Orren, "Beyond Self-Interest," in *The Power of Public Ideas,* ed. Robert B. Reich (Cambridge: Harvard University Press, 1988), pp. 13–29.

4. Describing institutions as "congealed tastes" or as mechanisms that "serve to aggregate interests in ways that make it unnecessary to recalculate continually the balance of political forces" tends to accord them little explanatory power. See Jeffry A. Frieden and Ronald Rogowski, "The Impact of the International Economy on National Policies: An Analytical Overview," in *Internationalization and Domestic Politics,* ed. Keohane and Milner. Rogowski does, however, consider the role of institutions in mediating the impact of economic forces in his article "Trade and the Variety of Democratic Institutions," *International Organization* 41 (Spring 1987): 203–223. For an argument that institutions matter less than "the nature of domestic interest groups, the goals of political elites, and the constraints of the international system," see Helen Milner, "Maintaining International Commitments in Trade Policy," in *Do Institutions Matter? Government Capabilities in the United States and Abroad,* ed. R. Kent Weaver and Bert A. Rockman (Washington, D.C.: Brookings Institution, 1993), pp. 345–369, at p. 369.

5. Ronald Rogowski, *Commerce and Coalitions: How Trade Affects Domestic Political Alignments* (Princeton: Princeton University Press, 1989).

6. Frieden and Rogowski, "The Impact of the International Economy."

7. Rogowski, *Commerce and Coalitions,* pp. 69, 119–122.

8. A useful analysis of the labor situation in the 1950s and 1960s is found in Jutta Tiedtke, *Abrüstung in der Sowjetunion: Wirtschaftliche Bedingungen und soziale Folgen der Truppenreduzierung von 1960* (Frankfurt am Main: Campus, 1985). She links the shortages to Soviet disarmament policy at the time (particularly the unilateral reduction of troops).

9. Rogowski, *Commerce and Coalitions,* p. 178. Kimberly Marten Zisk makes a similar point regarding the Russian military industry in *The Foreign Policy Preferences of Russian Defense Industrialists: Integration or Isolation?* Olin Critical Issues Series (Cambridge: Russian Research Center, Harvard University, February 1994), pp. 5–6.

10. Rogowski, *Commerce and Coalitions,* pp. 177–178.

11. For example, Tatyana Zaslavskaya, *The Second Socialist Revolution: An Alternative Soviet Strategy* (Bloomington: Indiana University Press, 1990).

12. On this point, see also Zisk, *Foreign Policy Preferences.*

13. Frieden argues that the threefold categorization of factors (land, labor, capital) is equivalent to a class analysis that focuses on capitalists, the peasantry, the proletariat, the petite bourgeoisie, and so on. See Jeffry A. Frieden, *Debt, Development, and Democracy: Modern Political Economy and Latin America, 1965–1985* (Princeton: Princeton University Press, 1991), pp. 29–30; also Stephan Haggard, *Pathways from the Periphery: The Politics of Growth in the Newly Industrializing Countries* (Ithaca: Cornell University Press, 1990), pp. 34–35. I will discuss the works that focus on classes separately from the discussion of Rogowski's three-factor theory, however, because they often combine their treatment of classes with elements of sectoral analysis.

14. Jeffry A. Frieden, "Winners and Losers in the Latin American Debt Crisis: The Political Implications," in *Debt and Democracy in Latin America,* ed. Barbara Stallings and Robert Kaufman (Boulder: Westview Press, 1989); Jeffry A. Frieden, "Invested Interests: The Politics of National Economic Policies in a World of Global Finance," *International Organization* 45 (Autumn 1991): 425–451; idem, *Debt, Development, and Democracy;* Helen V. Milner, *Resisting Protectionism: Global Industries and the Politics of International Trade* (Princeton: Princeton University Press, 1988). Haggard, *Pathways from the Periphery,* offers a more eclectic approach, discussing sectors and classes as well as the role of ideas and of the state itself.

15. Frieden, *Debt, Development, and Democracy,* p. 21.

16. Ibid., pp. 17–19, 28–29.

17. Igor Birman, "The Budget Gap, Excess Money and Reform," *Communist Economies* 2, no. 1 (1990): 25–46; Ed A. Hewett, *Reforming the Soviet Economy: Equality Versus Efficiency* (Washington, D.C.: Brookings Institution, 1988).

18. For a review of some rational institutionalist work, see Ronald Rogowski, "Structure, Growth, and Power: Three Rationalist Accounts," *International Organization* 37 (Autumn 1983): 713–738.

19. Kathleen Thelen and Sven Steinmo, "Historical Institutionalism in Comparative Politics," in *Structuring Politics: Historical Institutionalism in Comparative Analysis*, ed. Sven Steinmo, Kathleen Thelen, and Frank Longstreth (Cambridge: Cambridge University Press, 1992), pp. 1–32.

20. Ibid., pp. 7–11.

21. I owe this formulation to Celeste Wallander.

22. See, for example, Peter A. Hall, ed., *The Political Power of Economic Ideas* (Princeton: Princeton University Press, 1989), esp. the editor's introduction and conclusion and the chapter by Margaret Weir, "Ideas and Politics: The Acceptance of Keynesianism in Britain and the United States," pp. 53–86; Kathryn Sikkink, *Ideas and Institutions: Developmentalism in Brazil and Argentina* (Ithaca: Cornell University Press, 1991); Peter Katzenstein, ed., *Between Power and Plenty: The Foreign Economic Policies of Advanced Industrial States* (Madison: University of Wisconsin Press, 1978); Peter Katzenstein, *Small States in World Markets: Industrial Policy in Europe* (Ithaca: Cornell University Press, 1985); Jeffrey A. Hart, *Rival Capitalists: International Competitiveness in the United States, Japan, and Western Europe* (Ithaca: Cornell University Press, 1992).

23. For definitions of institutions, see Thelen and Steinmo, "Historical Institutionalism," p. 2. Similarly, Douglass C. North, *Institutions, Institutional Change and Economic Performance* (Cambridge: Cambridge University Press, 1990), p. 3: "Institutions are the rules of the game in a society or, more formally, are the humanly devised constraints that shape human experience."

24. David Stark, "Path Dependence and Privatization Strategies in East Central Europe," *East European Politics and Societies* 6 (Winter 1992): 17–53, at p. 21. For a discussion of the origins of path-dependence analysis in the study of technological change, see North, *Institutions, Institutional Change and Economic Performance*, pp. 93–94.

25. This summary draws heavily on the more extensive discussion in Evangelista, "Stalin's Revenge." See also Jerry F. Hough, *Opening Up the Soviet Economy* (Washington, D.C.: Brookings Institution, 1988), pp. 11–12.

26. Ed A. Hewett, *Energy, Economics, and Foreign Policy in the Soviet Union* (Washington, D.C.: Brookings Institution, 1984), p. 13. Also, Nikolai Shmelev and Vladimir Popov, *The Turning Point: Revitalizing the Soviet Economy*, trans. Michele A. Berdy (New York: Doubleday, 1989), p. 221.

27. International Monetary Fund, the World Bank, Organisation for Economic Co-operation and Development, European Bank for Reconstruction and Development, *A Study of the Soviet Economy*, 3 vols. (Paris: IMF, World Bank, OECD, 1991), vol. 1, p. 363.

28. Ibid. For a good summary of these points and an account of the period after 1987, see Simon Clarke, "The Crisis of the Soviet System," chap. 2 in Simon Clarke, Peter Fairbrother, Michael Burawoy, and Pavel Krotov, *What About the Workers? Workers and the Transition to Capitalism in Russia* (London: Verso, 1993).

29. Shmelev and Popov, *Turning Point*, p. 221.

30. Aleksandr Bykov, "Ne neft'iu edinoi," *Literaturnaia gazeta*, 10 February 1988, p. 14.

31. The classic discussion is found in Merle Fainsod, *How Russia Is Ruled*, rev. ed. (Cambridge: Harvard University Press, 1963), pp. 209–210.

32. Michael Burawoy and Pavel Krotov, "The Rise of Merchant Capital: Monopoly, Barter, and Enterprise Politics in the Vorkuta Coal Industry," *Harriman Institute Forum* 6 (December 1992): 5–6.

33. Stephen Crowley, "From Coal to Steel: The Formation of an Independent Workers' Movement in the Soviet Union, 1989–1991" (Ph.D. diss., University of Michigan, 1993), pp. 172–173.

34. Eric Whitlock, "Oil Sector Slated for Competition?" *RFE/RL Daily Report*, No. 94, 18 May 1993. (This and all subsequent references to *RFE/RL Daily Report* cited here are the electronic versions.)

35. Keith Bush, "Gas Industry to Be Privatized," *RFE/RL Daily Report*, No. 66, 6 April 1993. Who initially controls the shares would not be an issue if there were no restrictions on their resale. As of the first half of 1994, however, there were many such restrictions, including the fact that foreigners were not allowed to purchase shares in "the defense and mining sectors, in the fuel and energy complex, and in certain extractive industries," and that permission of the Finance Ministry was required for sales to foreigners even in less strategically important industries. See Keith Bush, "Privatization and Foreign Investment," *RFE/RL Daily Report*, No. 38, 24 February 1994. I thank Celeste Wallander for discussion of this point.

36. Sergei Dukhanov, "The First Privatized Oil Company," *Moscow News*, no. 45, 5 November 1993, p. 9.

37. Wendy Slater, "Factions Determined in State Duma," *RFE/RL Daily Report*, No. 9, 14 January 1994.

38. Elizabeth Teague, "Why Pamfilova Resigned," *RFE/RL Daily Report*, No. 26, 8 February 1994.

39. Gertrude E. Schroeder, "Regional Economic Disparities, Gorbachev's Policies, and the Disintegration of the Soviet Union," in *The Former Soviet Union in Transition*, ed. Kaufman and Hardt, pp. 121–145; Schneider, "Republic Energy Sectors and Inter-state Dependencies," in ibid.

40. Ed A. Hewett with Clifford G. Gaddy, *Open for Business: Russia's Return to the Global Economy* (Washington, D.C.: Brookings Institution, 1992), p. 11.

41. Donna Bahry, *Outside Moscow: Power, Politics, and Budgetary Policy in the Soviet Republics* (New York: Columbia University Press, 1987), pp. 87–88.

42. Howard Biddulph, "Local Interest Articulation at CPSU Congresses," *World Politics* 36 (October 1983): 28–52, at p. 41.

43. Ed A. Hewett, *Energy, Economics, and Foreign Policy in the Soviet Union* (Washington, D.C.: Brookings Institution, 1984), p. 14; Thane Gustafson, *Crisis amid Plenty: The Politics of Soviet Energy Under Brezhnev and Gorbachev* (Princeton: Princeton University Press, 1989).

44. John Tedstrom, "Baltic Independence: The Economic Dimension," *Report on the USSR*, 8 February 1991, pp. 22–28; Gail W. Lapidus, "Gorbachev and the 'National Question': Restructuring the Soviet Federation," *Soviet Economy* 5 (July–September 1989): 201–250.

45. Philip Roeder, "Soviet Federalism and Ethnic Mobilization," *World Politics* 43 (January 1991): 196–232, at p. 219. See also Donna Bahry, "*Perestroika* and the Debate over Territorial Decentralization," *Harriman Institute Forum* 2 (May 1989).

46. Roeder, "Soviet Federalism," pp. 219–220.

47. Central Intelligence Agency and Defense Intelligence Agency, "The New Russian Revolution: The Transition to Markets in Russia and the Other Commonwealth States," a paper presented by the Central Intelligence Agency and the Defense Intelligence Agency

to the Joint Economic Committee's Subcommittee on Technology and National Security, Washington, D.C., 8 June 1992, p. 28. Other analyses suggest that the only republics that would benefit from a shift to world market prices are Russia, Ukraine, and Turkmenistan. See Misha V. Belkindas and Matthew J. Sagers, "A Preliminary Analysis of Economic Relations Among Union Republics of the USSR: 1970–1988," *Soviet Geography* 31 (November 1990): 629–654, at p. 651.

48. Stuart S. Brown and Misha V. Belkindas, "Who's Feeding Whom? An Analysis of Soviet Interrepublic Trade," in *The Former Soviet Union in Transition,* ed. Kaufman and Hardt, pp. 163–183.

49. The following discussion was stimulated by some of Celeste Wallander's comments.

50. In this respect, Russia's behavior may be better explained by traditional realist, power-politics explanations rather than by institutionalist or economistic ones. See Fiona Hill and Pamela Jewett, "Back in the USSR: Russia's Intervention in the Internal Affairs of the Former Soviet Republics and the Implications for United States Policy Toward Russia," report of the Ethnic Conflict Project of the Strengthening Democratic Institutions Project, John F. Kennedy School of Government (Cambridge: Harvard University, January 1994).

51. Boris Kuzmenko, "Former Soviet Republics Prefer Dollars," *Moscow News,* no. 33, 13 August 1993, p. 8; Jozef M. van Brabant, "The New East and Its Preferred Trade Regime—The Impact of Soviet Disintegration," in *The Former Soviet Union in Transition,* ed. Kaufman and Hardt, pp. 146–162.

52. Sheila Marnie, "Russian-Ukrainian Gas Dispute Still Unresolved," *RFE/RL Daily Report,* No. 66, 6 April 1993; Ustina Markus, "Russia Cuts Oil to Ukraine," *RFE/RL Daily Report,* No. 105, 4 June 1993; Ustina Markus, "Russia Switches Ukraine Off Power Grid," *RFE/RL Daily Report,* No. 226, 26 November 1993; Ustina Markus, "Gazprom Cuts Gas to Ukraine," *RFE/RL Daily Report,* No. 25, 7 February 1994; Sergei Ikk, "Estonia Prefers Trade with the West," *Moscow News,* no. 33, 13 August 1993, p. 8; Dzintra Bungs, "Russia Revokes Gas Supply Contract with Baltics," *RFE/RL Daily Report,* No. 30, 14 February 1994; Keith Bush, "Further Cuts in Gas Supplies," *RFE/RL Daily Report,* No. 45, 7 March 1994; Dzintra Bungs, "Russia's Gazprom to Supply Gas to the Baltics," *RFE/RL Daily Report,* No. 45, 7 March 1994; "Russia Presses 2 Baltic Lands on Minorities," *New York Times,* 7 March 1994.

53. This is the main argument of Hill and Jewett, "Back in the USSR." Acknowledging the tactic, Russia's neighbors have sometimes responded in kind. In an article entitled "Ukrainian Hints Deal on Warheads Is in Danger," the *New York Times,* 7 March 1994, reported: "As Russia's natural-gas company announced a further deep cut in supplies to Ukraine over the weekend, President Leonid M. Kravchuk suggested that the move could derail the deal to give up his country's large arsenal."

54. Ustina Markus, "Belarusian Fuel Reserves Almost Used Up," *RFE/RL Daily Report,* No. 225, 24 November 1993; Ustina Markus, "Russia-Belarus Monetary Union," *RFE/RL Daily Report,* No. 31, 15 February 1994.

55. John Helmer, "Russia-Kazakhstan Ties Slip on Oil," *Moscow Times,* 10 July 1992, p. 14.

56. "Armenia-Azerbaijan War: Manoeuvres Around Oil," *Moscow News,* no. 38, 17 September 1993, pp. 1, 8.

57. Andrei Neshchadin, "Russian Regions Oppose the Government on Economic Reforms," *Moscow News,* no. 26, 28 June 1992, p. 9.; Ann Sheehy, "Chukotka's Separation from Magadan Oblast Legal," *RFE/RL Daily Report,* No. 91, 13 May 1993.

58. Frieden and Rogowski, "The Impact of the International Economy."

59. Schneider, "Republic Energy Sectors and Inter-state Dependencies."

60. David Mandel, "The Rebirth of the Soviet Labor Movement: The Coalminers' Strike of July 1989," *Politics and Society* 18 (September 1990): 381–404.

61. Elizabeth Teague, "Russia Hit by Strike Wave," *RFE/RL Daily Report,* No. 33, 17 February 1994; idem, "Strike Update," *RFE/RL Daily Report,* No. 42, 2 March 1994.

62. This discussion draws on Crowley, "From Coal to Steel"; Theodore Friedgut and Lewis Siegelbaum, "Perestroika from Below: The Soviet Miners' Strike and Its Aftermath," *New Left Review,* no. 181 (1990): 5–32; Peter Rutland, "Labor Unrest Movements in 1989 and 1990," *Soviet Economy* 6 (October–December 1990), reprinted in Ed A. Hewett and Victor H. Winston, eds., *Milestones in Glasnost and Perestroyka: Politics and People* (Washington, D.C.: Brookings Institution, 1991), pp. 287–325; David Mandel, "The Struggle for Power in the Soviet Economy," in "Communist Regimes: The Aftermath," *Socialist Register 1991,* ed. Ralph Miliband and Leo Panitch (London: Merlin, 1991), pp. 95–127; Mandel, "Rebirth of the Soviet Labor Movement"; Michael Burawoy and Pavel Krotov, "The Rise of Merchant Capital: Monopoly, Barter, and Enterprise Politics in the Vorkuta Coal Industry," *Harriman Institute Forum* 6 (December 1992); Gustafson, *Crisis amid Plenty*; and Ed A. Hewett, *Energy, Economics, and Foreign Policy in the Soviet Union* (Washington, D.C.: Brookings Institution, 1984).

63. Hewett, *Energy, Economics, and Foreign Policy,* p. 86.

64. Mandel, "The Struggle for Power in the Soviet Economy," p. 111. For more background on the Kuzbass, see Crowley, "From Coal to Steel," pp. 166–172.

65. Rutland, "Labor Unrest," p. 293; Friedgut and Siegelbaum, "Perestroika from Below," pp. 6–8; Hewett, *Energy, Economics, and Foreign Policy,* pp. 88–89; Mandel, "The Struggle for Power," pp. 112–113.

66. "Soviet Miners Speak," interviews conducted by Willliam Mandel, *Station Relay* 5, nos. 1–5 (1989–1991): 26.

67. Burawoy and Krotov, "Rise of Merchant Capital."

68. Simon Clarke and Peter Fairbrother, "The Origins of the Independent Workers' Movement and the 1989 Miners' Strike," in Clarke et al., *What About the Workers?* p. 129.

69. Ibid., p. 131.

70. Adviser to Kuzbass Coal Miners Strike Committee, February 1990, in Mandel, "Soviet Miners Speak," p. 7.

71. Crowley, "From Coal to Steel."

72. "Protocol on agreed measures between the miners' strike committee of the city of Donetsk and the Commission of the USSR Council of Ministers and the All-union Central Council of Trade Unions," in Michael McFaul and Sergei Markov, *The Troubled Birth of Russian Democracy: Parties, Personalities, and Programs* (Stanford: Hoover Institution Press, 1993), pp. 189–192.

73. Rutland, "Labor Unrest," pp. 306–307.

74. Ibid., p. 312.

75. Kuzbass miner, February 1990, in Mandel, "Soviet Miners Speak," p. 8.

76. Chair of the Kuzbass Coal Miners Strike Committee, February 1990, in Mandel, "Soviet Miners Speak," p. 8.

77. Donbass miner in Mandel, "Soviet Miners Speak," p. 18.

78. Miner interviewed by Mandel at Karaganda, September 1990, in ibid., p. 33.

79. Rutland, "Labor Unrest," p. 315; Mandel, "Soviet Miners Speak," p. 28.

80. Rutland, "Labor Unrest," pp. 305–306.

81. Ibid., pp. 314–315.

82. Mandel, "The Struggle for Power," p. 110.
83. Rutland, "Labor Unrest," p. 295.
84. Ibid., p. 295.
85. Ibid., p. 294.
86. "Statement by plenipotentiary representatives of striking enterprises that took part in talks with the USSR Cabinet of Ministers and president on April 2–3, 1991 (April 4, 1991, Moscow)," in Michael McFaul and Sergei Markov, *The Troubled Birth of Russian Democracy: Parties, Personalities, and Programs* (Stanford: Hoover Institution Press, 1993), p. 198.
87. Simon Clarke and Peter Fairbrother, "Trade Unions and the Working Class," chap. 4 in Clarke et al., *What About the Workers?*
88. Crowley quotes from his transcript of a meeting of miners' representatives, the Independent Miners' Union, and the Confederation of Labor, in Moscow, February 1991, in Crowley, "From Coal to Steel," p. 218.
89. Quoted in Crowley, "From Coal to Steel," p. 218.
90. Rogowski, *Commerce and Coalitions,* p. 121.
91. "Interview with Anatoly Malykhin (May 1991)," in Michael McFaul and Sergei Markov, *The Troubled Birth of Russian Democracy: Parties, Personalities, and Programs* (Stanford: Hoover Institution Press, 1993), p. 175.
92. Simon Clarke and Peter Fairbrother, "The Strikes of 1991 and the Collapse of the Soviet System," chap. 7 in Clarke et al., *What About the Workers?* esp. pp. 166–167. McFaul and Markov, *The Troubled Birth of Russian Democracy,* p. 171.
93. Electronic mail message from Steve Crowley, 21 March 1994.
94. This characterization neglects the nuances but captures the essence of the argument in Clarke et al., *What About the Workers?* esp. chaps. 5 and 7.
95. Credit for resolving this puzzle belongs to Crowley, "From Coal to Steel," esp. pp. 219–223, 233–235. See also Lewis H. Siegelbaum, "Labor Pains in the Soviet Union," *The Nation,* 27 May 1991, p. 693.
96. Representative of the Kuzbass miners in Crowley's transcript from the Moscow meeting in February 1991, quoted in Crowley, "From Coal to Steel," p. 220.
97. "Interview with Anatoly Malykhin (May 1991)," in McFaul and Markov, *The Troubled Birth of Russian Democracy,* p. 176.
98. Crowley, "From Coal to Steel," p. 220. Crowley heard remarks of this sort from miners from several regions.
99. Ibid., p. 223. I have slightly revised Crowley's translation of "kazhdyi dolzhen poluchat' po trudu," with his permission.
100. In addition to his discussion of miners' conceptions of the market, Crowley argues that part of the explanation for the shift from economic to political demands in 1991 was also normative in origin: "Political demands were seen as better normatively and as less selfish than economic demands." Crowley, "From Coal to Steel," p. 219; see also p. 227.
101. I owe this point to Dale Copeland and to participants in the Olin seminar.
102. Crowley, "From Coal to Steel," p. 153.
103. For some examples, see ibid., pp. 153–157.
104. Milner, *Resisting Protectionism.*
105. Burawoy and Krotov, "Rise of Merchant Capital," pp. 9–10.
106. Crowley, "From Coal to Steel," p. 230. Sheila Marnie, "Kuzbass Miners Vote for Strike," *RFE/RL Daily Report,* No. 37, 24 February 1993.

107. Svetlana Babayeva, "Miners' Distrust of Government Grows," *Moscow News,* no. 48, 26 November 1993, p. 3.
108. Sheila Marnie, "Strike in Russia's Northern Pits," *RFE/RL Daily Report,* No. 3, 7 January 1993; idem, "Miners' Protest in Vorkuta," *RFE/RL Daily Report,* No. 31, 16 February 1993; idem, "Kuzbass Miners Vote for Strike."
109. Sheila Marnie, "Miners Postpone Strike Action," *RFE/RL Daily Report,* No. 63, 1 April 1993; Keith Bush, "Pre-Referendum Handouts," *RFE/RL Daily Report,* No. 70, 14 April 1993.
110. Erik Whitlock, "Coal Prices to Be Freed," *RFE/RL Daily Report,* No. 116, 22 June 1993.
111. Sheila Marnie, "Miners Protest Government Decision to Free Coal Prices," *RFE/RL Daily Report,* No. 117, 23 June 1993; idem, "Miners' Strike," *RFE/RL Daily Report,* No. 136, 22 July 1993; Ann Sheehy, "Vorkuta Miners Threaten Action over Proposed Pit Closures," *RFE/RL Daily Report,* No. 143, 29 July 1993.
112. Vera Tolz, "Vorkuta Mine Builders Strike Spreads," *RFE/RL Daily Report,* No. 29, 11 February 1994; Elizabeth Teague, "Miners Strike," *RFE/RL Daily Report,* No. 41, 1 March 1994.
113. Elizabeth Teague, "Russia Hit by Strike Wave," *RFE/RL Daily Report,* No. 33, 17 February 1994.
114. Miners at the Severniaia and Vorgashorskaia mines, for example, sought privatization. See Sheila Marnie, "Russian Miners' Strike Action," *RFE/RL Daily Report,* No. 22, 3 February 1993.
115. Andrei Baranovsky, "Coal Price Rises 4–5 Times," *Moscow News,* no. 29, 16 July 1993, p. 10; Mikhail Klasson, "Drop in the Coal Industry Continues," *Moscow News,* no. 46, 12 November 1993, p. 8.
116. "Recession in Iron and Steel Industry Goes On," *Moscow News,* no. 28, 9 July 1993, p. 10. World Bank, *Russian Economic Reform,* p. 168.
117. Simon Clarke and Peter Fairbrother, "After the Coup: The Workers' Movement in the Transition to a Market Economy," chap. 8 in Clarke et al., *What About the Workers?* esp. pp. 186–187.
118. Burawoy and Krotov, "Rise of Merchant Capital," p. 6.
119. Crowley, "From Coal to Steel," p. 235. Also see Siegelbaum, "Labor Pains," p. 694.
120. Clarke and Fairbrother, "After the Coup," p. 175.
121. This point came up in our Olin seminar discussion.
122. Burawoy and Krotov, "Rise of Merchant Capital," p. 6; World Bank, *Russian Economic Reform,* p. 179. Consider, for example, the case of Belgium in the postwar period, discussed in Alan S. Milward, *The European Rescue of the Nation-State* (Berkeley: University of California Press, 1992), chap. 3.
123. Thomas L. Friedman, "Clinton to Press Russia to Use Aid to Assist Jobless," *New York Times,* 6 January 1994; idem, "U.S. Slightly Eases Conditions for Aid to Moscow," *New York Times,* 13 January 1994.
124. Compare World Bank, *Russian Economic Reform,* p. 179, from which the quote is taken, to Vladimir Merkulov, "Consumption of Coal Will Grow the World Over," *Moscow News,* no. 36, 3 September 1993, p. 7, citing an International Energy Agency study.
125. Hill and Jewett, "Back in the USSR." Traditional realpolitik explanations might fare better in explaining some of Russia's current behavior.