Project Information*

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Abstract

This paper examines the economic links among five Finno-Ugric regions of Russia (Komi Republic, Republic of Mariel, Komi-Permiak District, Republic of Udmurtia, Republic of Mordoviia) and between these regions and the three Finno-Ugric states (Finland, Estonia, Hungary). In the period since the collapse of the Soviet Union, ethnic relations have been a topic of concern in studies of the Russian Federation. Generally seen as a factor that threatens the coherence of Russia, ethnic identity can also act as a force for integration. While indications are that political leaders and representatives of Finno-Ugric populations in these regions are interested in expanding economic relations among these eight political entities, the difficulties of transition, economic depression in Russia, and certain long-term geopolitical factors limit the development of economic ties. Relatively well-developed cultural exchanges, however, augur well for the future expansion of economic relations even if not in the near term.
The strength of ethnicity is an often-examined phenomenon in international politics. It is clearly in evidence across numerous regions, particularly when in conflicts in places like the former Yugoslavia and Rwanda. Yet, ethnicity's power does not always result in these types of conflicts and can have effects that are not divisive and can even be unifying. This paper examines the prospects for unity among the Finno-Ugric peoples of Eastern Europe and Scandinavia and the Western part of Russia. Those in Eastern Europe and Scandinavia are the Western branch, while those in Russia are the Eastern branch, of the Finno-Ugric populations.

This paper goes beyond political and cultural concerns to look specifically at the economic development within and between five members of the Eastern branch (Udmurtiia, Mordoviia, Komi, Mariel, and Komi-Permiak) as well as their economic relations with their “cousins” in the Western branch (Finland, Estonia, and Hungary). This discussion follows fieldwork in spring 2001 in which I traveled to each of the five regions of the Eastern branch, where I collected large quantities of research materials and carried out extensive interviews with political officials and leaders, representatives of national groups and other individuals.

The basic finding in this paper is that despite hypotheses that predicted developing economic relations among Finno-Ugric regions, there is little evidence that these relations are developing and, in some cases, they are actually declining. This is the case both for relations between the Eastern regions and for their relations with their Western relatives. In the early and mid-1990s representatives of both the Finno-Ugric populations in East and West desired expanding economic ties. In many cases, ethnic Russians in these regions also desired these relations. In part, this lack of developing relations has occurred amidst clear evidence of continued, even developing, cultural contacts among Russia's Finno-Ugric regions and between these regions and their international relatives. The Eastern groups still desire contact with the Western regions even as they are less optimistic about developing economic relations with the other members of the Eastern branch. The truth is, however, that representatives of the Western branch have, at the very least, become more selective in their interaction with their Eastern relatives.
As will be shown, there are a number of factors that underlie this "negative" trend. Probably the two most important, however, are the depression-level condition of the overall Russian economy and the development of a basic market structure. Westerners cannot see much opportunity in a Russia that is producing few competitive goods beyond raw materials, and is still in the process of developing a legal structure that can guide and protect investment and trade. Moreover, as Russia's economy has become increasingly privatized, internal business people are driven more by economic opportunity, not ethnic unity.

Thus, desires among officials, as shown in numerous economic treaties that have been signed among all of Russia's regions (which include treaties between these five Eastern regions), do not always translate into actual interaction among the regions. This is underlined by the fact that the Finno-Ugric regions, with the exception of Komi and (partially) Udmurtia, are quite poor even by Russian standards, falling into the bottom one-third of all of Russia's 89 regions in most economic categories. Furthermore, representatives of the Finno-Ugric peoples are rarely in positions of significant political authority in these regions and are generally the poorest portion of the population in each region. The Finno-Ugric populations are generally located in rural areas, far from the decision-making centers dominated by ethnic Russians in the cities. Thus, there is neither a driving desire among political leaders to develop economic relations nor much in the way of economic opportunities to help create this desire.

Other factors that hinder this development include the general processes of transition that all members of the former communist bloc must go through to emerge as functioning markets. For Hungary and Estonia, as former socialist countries in need of aid themselves, the possibility of future membership in the European Union is a very powerful factor that distracts attention from Russia, whether this affects Finno-Ugric relations or not. Additionally, both countries, in particular Estonia, hold a lingering animosity toward Russia as a result of Soviet dominance over these regions since World War II. Tensions between Russia and Estonia, partly as a response to Estonian treatment of ethnic Russians on its territory, further interfere with growing ties among Finno-Ugric peoples inside and outside of Russia. In the end,
short- and medium-term factors militate against the expansion of economic relations, although long-term factors indicate more possibility.

To examine the economic relations among the Finno-Ugric regions, this paper is organized into several parts. First, I begin with a short examination of the theoretical issues that underlie ethnicity and ethnic contact, with a brief discussion of its influence on economic relations. This is followed by a brief discussion of the five regions in the Russian Federation in the context of these theoretical issues.

Second, I then look at economic conditions and prospects for development in these five regions. Third, I examine economic relations among these five regions and comment on existing forces that enable and (primarily) obstruct an expansion of economic interaction. Fourth, I look at tenuous economic relations between Eastern and Western branches of the Finno-Ugric peoples. Finally, I analyze the results while commenting on prospects for the future.

Ethnicity as a factor of international unity and the Finno-Ugric regions

Research on ethnicity and nationalism often point to a fine line between integration and conflict. On one side, these forces are seen as positive if they bring together a people in the pursuit of common goals, such as economic and political self-determination. On the other side, the negative effects of these phenomena become apparent when the processes of self-determination threaten another community. While there are clear examples of political accommodation in the interests of peaceful ethnic relations, nationalism has dominated international politics and academic research. E. Hobsbawn claims that the “characteristic nationalist movements of the late twentieth century are essentially negative, or rather divisive.”

In light of the struggles arising out of the nationalist movements of Nazi Germany, world-wide post-colonial conflicts, and the collapse of the Soviet Union and Yugoslavia, this should not be surprising. Hobsbawn notes, however, that many movements carry aspects of “fundamentalism” that radicalize what may not otherwise be expressed in violence or separatist demands. He suggests that ethnic links may actually offer an “integrative” impetus to cross-national relations. It is not unusual for
scholars discussing ethnicity in Russia to fall into the "trap" of equating potentially mild, constructive ethnic links with Chechen fundamentalism, often giving the conflictual potential of such phenomena the greatest attention.⁶

An interesting phenomenon arising in questions of culture and ethnicity concerns whether ethnic identity and its nationalist expression are primordial or modern. Adapted from anthropology and sociology, the concept of primordialism stresses the ancient nature of national identity; "modernist" views, by contrast, interpret nationalism as a fabrication of political leaders, emerging with industrialization and the modern bureaucratic state.⁷

This paper draws upon a more recent concept: ethnosymbolism. Ethnosymbolists agree that modernity affects ethnic identity and nation formation, but not that it creates an identity anew.⁸ Instead, identity is quite durable and persists across generations,⁹ which supports my contentions about the persistence of cultural meaning and behavior in politics.¹⁰ It is equally true that the phenomenon under examination here—linkage across a number of related ethnic groups—has been enabled by technological and political developments of the modern age, which allow ethnic "kin" to more readily interact. Modernist theory thereby becomes quite valuable for considering this cross-regional and state phenomenon.

I extend Anderson's concept of the imagined nature of community, describing the link "as a deep, horizontal comradeship," which applies to numerous groups in contemporary international society that Gellner categorized as diaspora nationalism, from Jews to overseas Chinese.¹¹ While violence and conflict may arise with these groups, the last example shows that trade is often the consequence of links that find people "in a position to think of themselves as living lives parallel to those of other substantial groups of people— if never meeting, yet certainly proceeding along the same trajectory."

We find a similar, although underdeveloped, phenomenon among Russia's Finno-Ugric peoples. The links among the Finno-Ugric populations is more tenuous than those found in traditional diaspora communities, for there is no clearly identifiable homeland such as Israel for the Jews and China for the overseas Chinese. Instead, what D. Laitin refers to as a "conglomerate identity" comes closer (although
imperfectly so) to categorizing the finno-ugrian assimilation to the dominant Russian culture, while maintaining a link to certain traditional cultural attributes. 13

With the exception of Westernmost Karelia, the Eastern Finno-Ugric regions occupy an "ethnic belt" that roughly divides European from Asian Russia. Of the 5.5 million people occupying these five territories, approximately 1.6 million are finno-ugrians. 14 As for many ethnic groupings in Russia, native language capability among finno-ugrians has declined over the century and, although emerging from the same language groups, each region's languages are not generally mutually intelligible beyond narrow circles. 15 Thus, differences amid similarity come together to construct a community that is not driven by "sameness" or a resulting reinforcing cleavage that might be destructive in competition with numerically dominant Russians. In this respect, the community must be first "imagined" if it is to produce benefit; this level of community has led to numerous types of interaction across regional and international borders. Although the Finno-Ugric people have been recently, and variously, described as a group nearing assimilation into Russian culture and a threat to Russian unity, neither extreme is the case. 16

Beginning with local Finno-Ugric conventions that have been held in all these regions during the 1990s, broader meetings include the All-Russian Congress of the Finno-Ugric People first held in Udmurthia in May 1992, the World Council of Finno-Ugrian Peoples that first met in Komi in December 1992, and international congresses of scholars of Finno-Ugric studies that meet every five years. Furthermore, cultural exchanges across international borders are now quite common. Komi, for example, has sent students to Hungary and has had significant academic and trade relations with Finland for a number of years; Mariel has ongoing exchanges with Hungary, and especially, Estonia. All of the regions have significant cultural contacts with Finland and its Society of Matias Kastren, named after a nineteenth-century Finnish ethnographer who worked in the Eastern regions. This organization is well funded by the Finnish government.

Fitting well into globalization trends that find many aspects of foreign policy devolving to regional entities across the world, 17 Russia's regions have developed their own relations toward European countries. 18 Mariel, for example, has had significant contact with Hungary since the early 1970s.
1990s relations expanded to include a visit from the Hungarian president, an exchange of museum exhibits, and the signing of various economic agreements. Many of these exchanges between Russia’s various ethnicities and their “kin states” (Armenia for Armenians, etc.) continue to expand.

Given the linguistic and cultural divisions within Finno-Ugric regions, the compactness of the local population, and the impact of foreign economic ties, one might expect separatism akin to that of the Baltic States during the late Soviet period. But the fact that, with the exception of the Komi-Permiatskiy Okrug, the Eastern Finno-Ugric populations are minorities in their own regions minimizes separatist conflict. This has not always led to entirely cordial relations between minority and majority groupings. In the Komi Republic, Komi Kotyr and We Defend Ourselves sought to evict Russians and create an independent Komi state. Yet, although these types of groups joined the general nationalist fervor of the late-Soviet period, they now fall on the fringe of politics in Komi and the other Finno-Ugric regions.

More influential has been the Committee for the Renaissance of the Komi Nation, a group that has frequently worked with the ethnic Russians leading the region. Additionally, ethnic Komi are mixed into the leadership circles, reaching the speakership of the Komi State Soviet (Vladimir Torlopov) and the Russian State Duma (Valerii Markov). While some might argue that these individuals only employ their ethnicity for personal, instrumental purposes, ethnic Komi issues have nevertheless been brought to the forefront.

The balancing act that the generally Russian leadership has had to play grows out of recognition of the size of the minority groups (ranging from 23%-60% of the total population in the five central Russian regions) and out of the desire for the benefits that will accrue from maintaining good relations with the Finno-Ugric populations. Especially important are trade and investment benefits that will come from relations with Finland, Hungary and Estonia. For example, although generally referring to its Magyar relations, Hungary “firmly believes that it has a special obligation to help” its external relatives. Unless these three states are advocating Finno-Ugric separatism in Russia, and they are not, encouraging this ethnic connection and the growth of relations across regional and national borders in strengthening community is ultimately beneficial to ethnic Russians and Finno-Ugrians alike. Additionally, the relative
Weakness of the ethnic link across (generally) distant borders offers a less volatile situation than what might be found with Hungarian irredenta in neighboring states. Thus, while one can debate whether minority groups are always treated fairly in Russia, the substantial minority status of Finno-Ugrian peoples in each region discourages conflict while encouraging the Russian majority to take advantage of domestic and international links. If the ethnic Russians are to benefit from these links in the long run, however, the titular nationalities must also benefit.

Internal economic conditions in Russia’s Finno-Ugria

The economic fortunes of the Finno-Ugrian regions in the Russian Federation are mixed. Two regions, the Komi Republic and the Udmurt Republic, stand above the rest. Komi is a region of rich natural resources including coal, oil, natural gas and timber. The coal industry, however, has been a constant source of conflict in post-Soviet Komi. While the coal produced in Vorkuta is of the highest quality, its location in the Arctic Circle has been an obstacle to continued coal production. It is quite expensive to support a population in such a remote location and also prohibitively expensive to transport this coal, particularly given declining demand for coal in a more ecologically-minded world. The result has been strikes among miners and attempts to resettle many from the far-north to warmer climes.

In the oil region, Lukoil, the world’s largest oil company, has a near monopoly over production of oil (pumping approximately two-thirds of all crude oil) having purchased KomiTEK in 1999. This has had some negative effects on the Republic’s tax base, as Lukoil is able to avoid paying much in local taxes by “selling” its crude oil to an internal-corporate partner for ridiculously low prices. Nevertheless, while Komi’s economy has declined since 1990, the fall has not been as precipitous as that of other regions (Table 1), and the decline has been offset by relatively high oil prices in the late 1990s. With declining coal production, timber products have become the second largest area of the economy. Moreover, Komi also has high potential for producing bauxite, the raw material from which aluminum is produced.
Udmurtia also has significant oil and gas resources. Historically, its capital, Izhevsk, has been known as a military production city — it is there that Kalashnikov invented his famed automatic rifle. The post-Soviet period has not been kind to Izhevsk, given its role as a center of military production. There has been not only a decline in production of military hardware, but also in the production of passenger automobiles, motorcycles and other consumer goods. The 1998 crash of the ruble was initially quite challenging for the industrial forces of the city. By 1999, Udmurtia’s industries were producing 41% of their 1990 levels. Yet, time has allowed some industries to recover somewhat with a more readily available domestic market, as import prices sky-rocketed. While declines in agricultural production have been troubling for Udmurtia, they have been nowhere near as dramatic as declines in most Russian regions (Table 1). Unlike Komi, however, which has a very small portion of its economy in agriculture, the more southerly located Udmurtia has large numbers active in agricultural production.

Of the remaining three regions, Mordovia and Mariel have similarly weak economies. Both regions have been bedeviled by significant declines in their agricultural systems. The capital of Mordovia, Saransk, is also known as a production center for construction materials — with what is claimed to be the largest cement production facility in all of Europe — and lamps. Under the leadership of Nikolai Merkushkin, Mordovia has seen rather remarkable growth, according to official statistics over the past several years. While journalists and other local intelligentsia expressed considerable doubt in spring 2000 about this growth, federal recognition of these figures led in 2000 to the re-classification of Mordovia’s tax status to take away a particular advantage given to the poorer regions. Mordovia is also limited in its development by Merkushkin’s construction of an economic complex built by his family and friends. “Clan Merkushkin” has been accused of high levels of corruption in enriching itself and not working for the good of the region. In spring 2001, federal prosecutors began the task of breaking up the clan.

The Republic of Mariel has many of the same problems facing Mordovia. In 2000, its GDP had declined to 43% of its 1990 levels. Machine building and metal work was still the major area of production in the republic, but had declined from 47.7% of the GDP in 1990 to 23.2% in 2000. Showing
the dire position of this sector, it was producing just under 22% of its 1990 levels. Moreover, while some economic sectors are signaling recovery in the past several years, the fall was quite precipitous. The second largest sector of the republic’s economy, food-related products, had declined in 2000 to 40.4% of its 1990 level. Many of the economic difficulties in Mariel have been attributed to corruption at the highest political levels. The immediate past-president in Mariel, V. Kyslitsin, has been accused of widespread corruption, a factor that helps explain his defeat in presidential elections in 1999. His replacement, Leonid Markelov, an erstwhile member of the Liberal Democratic Party of Russia (LDPR), has focused on cleaning up the region.

In some ways, both Mariel and Mordovia are in an unhealthy waiting period: they see the relative wealth of nearby oil-rich regions (Tatarstan and Bashkortostan in particular) and place a great deal of hope on the discovery of oil and/or the expansion of oil production. During my visit in May 2001, I heard on more than one occasion the following question: “how could there be oil in surrounding areas but not in Mariel?”

Near the bottom of all of Russia’s 89 regions is the Komi-Permiak Autonomous Okrug. Unlike the other regions in which the urban population is approximately 60% of regional population, Komi-Permiak has an urban population of approximately 30%. It is unsurprising, therefore, that the region is almost entirely dependent on agricultural and forestry production and is in particularly difficult economic straits that date far back in its history. Of all the regions visited during fieldwork, this was clearly the most depressed from a simple visual examination of its infrastructure and through discussions with residents and interviewees.

Already near the bottom of Russia’s economic hierarchy under the Soviets, in many ways it had the least distance to fall of all the Finno-Ugric regions. In the ten years since the collapse of the Soviet Union, agricultural production has shown mixed results across Komi-Permiak, with significant declines in meat production and increases in potato and egg production. Much of its agricultural system has not gone through the painful transition to the market-oriented economy, with 50 state and collective farms in continued existence. As for Bashkortostan’s productive agricultural structure, continued “profitability”
in Komi-Perm’s agricultural system may be linked to the still existing structure of collective agriculture, although this may discourage long-term growth in this sector. While the timber industry has shown some signs of recovery since the crash in 1998, it is still far from 1990 levels. In Komi-Perm, oil exists near the border with the Komi Republic and the arrival of Lukoil in the region as an investor and economic actor brings some expectation of jobs and tax revenues in the province.

As one can see in Table 1, the past 10 years of reform have not been good to any of these regions, with the partial exception of the Komi Republic. Industrial production has declined precipitously over the last decade. Yet, despite these numbers, there has been a recent rise in production across Russia – and in these regions as well – in both industrial and agricultural production as the artificially supported ruble declined dramatically following Russia’s default on its international debts in summer 1998.

<table>
<thead>
<tr>
<th></th>
<th>Industrial Production 1999 (1990 = 100)</th>
<th>Agricultural Production 1999 (1993 = 100)</th>
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<tbody>
<tr>
<td>Russia</td>
<td>50</td>
<td>70</td>
</tr>
<tr>
<td>Komi</td>
<td>55</td>
<td>76</td>
</tr>
<tr>
<td>Udmurtiia</td>
<td>41</td>
<td>90</td>
</tr>
<tr>
<td>Mordoviia</td>
<td>37</td>
<td>75</td>
</tr>
<tr>
<td>Mariel</td>
<td>40</td>
<td>79</td>
</tr>
<tr>
<td>Komi-Permiak</td>
<td>65</td>
<td>119</td>
</tr>
</tbody>
</table>

Nevertheless, even with some signs of improvement, data presented in Table 2 show clear economic problems in the Finno-Ugric regions when comparing production in these regions to each other and the Russian average. Again, Komi is clearly the success story for this group of regions and in comparison to the Russian average. Yet, even though Komi’s salary levels are clearly the highest, this is in part because of the bonuses provided workers in the north that are designed to account for the more difficult living conditions and typically higher prices that come from the need to transport most goods significant distances. This bonus also applies to the Komi-Permiak region, but to a lesser extent. As one can see, however, all the regions beside Komi fall below the Russian average, with Komi-Permiak
bringing up the rear. This is attributable to the high proportion of agricultural workers who traditionally receive very low salaries. Fortunately, for this population food derives from one's own labor.

Table 2: Economic Conditions of Eastern Finno-Ugric

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<tbody>
<tr>
<td>Russia</td>
<td>2,402,280</td>
<td>16,441.8</td>
<td>2,995 bil. rubles</td>
<td>606,129</td>
<td>3,025/156</td>
<td>13</td>
</tr>
<tr>
<td>Komi</td>
<td>28,349.6</td>
<td>24,547.2</td>
<td>37,747</td>
<td>2,038</td>
<td>3,132/126</td>
<td>18.7</td>
</tr>
<tr>
<td>Udmurtia</td>
<td>20,014</td>
<td>12,233.5</td>
<td>33,183</td>
<td>8,801</td>
<td>2,327/143</td>
<td>19.4</td>
</tr>
<tr>
<td>Mordoviia</td>
<td>9,323</td>
<td>12,233.5</td>
<td>33,183</td>
<td>8,801</td>
<td>2,327/143</td>
<td>19.4</td>
</tr>
<tr>
<td>Mariel</td>
<td>6,568</td>
<td>8,617.2</td>
<td>6,741</td>
<td>5,348</td>
<td>1,204/133</td>
<td>5.3</td>
</tr>
<tr>
<td>Komi-Permiak</td>
<td>N/A</td>
<td>N/A</td>
<td>533</td>
<td>1,163</td>
<td>1,739/145</td>
<td>16.6</td>
</tr>
</tbody>
</table>

As indicated above, not all signs are negative for these regions. As shown in Appendix A, the numbers of unemployed declined in 2000, indicating along with generally rising economic performance that Russia and many of its regions may have begun to turn the corner on economic development following reforms in 1992 and the crash of 1998. Moreover, salary levels are also improving, although one must take into account the Russia-wide 36.5 percent inflation rate on consumer goods in 1999 and the 20.6 percent rate in 2000. In each of our five regions, however, the rate varies around that mean, with inflation rates for 1999 ranging from 30.7% in Komi to 50.9% in Mariel. In fact, prices increased by more than 40% in all of these regions except Komi.

Despite recent advances, it is clear that the Finno-Ugric regions are quite weak economically. This is even the case for the Komi Republic, which is only a relatively strong part of a depressed economy. That politicians, business elites, and the general population are not thinking about the ethnic component of their business relations is not surprising. Developing economic relations with the other four regions is not particularly important for any particular region, with the exception of Komi-Permiak.
which hopes to develop ties with neighboring Komi. A drive to develop these interregional economic relations would be quite a surprise in these conditions. Nevertheless, there are signs of these relations, albeit small and infrequent, that portend some possibilities for the future.

**Interaction and trade among five Finno-Ugric regions**

Trade and investment among the Finno-Ugric regions is quite underdeveloped. Economic interaction is driven more by need and geography than by ethnicity. In part, this is because independent firms in a market economy are not driven by state concerns and will trade with firms in regions in which a profit can be found. Frequently, transportation costs are an issue in trade. Thus, geography plays an important role in determining interaction both among large and small firms. This is all particularly important when the economic system is poorly developed and some prices, transport in particular, are often near or at world levels. Nevertheless, there are certain positive signs in economic interaction among Finno-Ugric regions.

One superficial positive sign is the set of economic treaties guiding trade and investment among these regions (Appendix B). While project members were in Kudymkar, capital of Komi-Permiak, and Ioshkar-Ola, capital of Mariel, in spring 2001, Komi leader Yuri Spiridonov signed economic development treaties with Komi-Permiak and Mariel.

Yet, upon careful examination, it is difficult to see that the agreements are particularly meaningful. First, the treaties speak in very general terms of economic, cultural, and scientific cooperation and rarely take on any level of specificity. That is, specific trade sectors or businesses are hardly touched in the vast majority of the 18 agreements examined. In the Komi agreements with Mariel and Mordoviia, there is provision that emigrating residents of Komi (primarily from the coal region of Vorkuta) will be provided land, housing, jobs and general support from these more southern regions. In return, Komi is to provide the finances for much of the construction in both regions and establish a branch of its bank in Mordoviia. Whether this re-settlement program is linked to their status as Finno-Ugric regions or simply their more southerly locations is unclear. There is also greater specificity in the
agreement between Komi, Perm' and Komi-Permiak regions, primarily addressing railroad and highway construction projects between capitals that are already in process.

Second, trade agreements made between these regions and non-Finno-Ugric regions show few differences from those signed between Finno-Ugric regions. They are most frequently quite general in content, with little more than generic language calling for cooperation across economic, cultural and scientific areas. In fact, the language of these treaties is almost identical in numerous areas, indicating that the treaties were drawn up from some type of template. There is a clear exception, however, in an attachment to a treaty between Mordoviia and the Saratov region that clearly lays out 19 points with goals and cooperative ventures involving specific companies and/or regional governmental ministries. Whether this type of attachment accompanies all such treaties needs further investigation; although this practice was definitely the norm for bi-lateral treaties signed between federal authorities and individual regions throughout the 1990s.53

Unfortunately, trade statistics between these regions are not easy to come by. The best evidence I have collected to this point on economic relations among Finno-Ugric regions involves trade between the Komi Republic and other regions in Russia. These data show that trade among Komi and other Finno-Ugric regions is quite low. In fact, with the exception of Karelia — which I am not looking at here — no Finno-Ugric region is among the top 16 of Komi's trading partners for 1999. Overall, Komi's domestic trade patterns are somewhat unbalanced, as regions receiving Komi's goods are not nearly as likely to send Komi significant amounts of goods; the opposite is also true. Thus, the city of Moscow is first in receiving 15% of Komi's domestic exports, but only provides 3.8% of the republic's domestic imports. The leader in this latter category is the Kirov oblast, which provides 16.1% of Komi's internal exports but only receives 3.6% of outgoing products. None of the four Finno-Ugric regions examined here provides as much as .6% of Komi's internal imports or receives as much as .3% of Komi's exports. One important factor to note, however, is that Komi internal exports of 14,094,100 rubles far outstripped its 2,082,100 rubles of internal imports, a sign of Komi's low population and significant natural resource production.54
The factors that explain this dearth of trade among Finno-Ugric regions are many, including the poor economic conditions of the other regions, a paucity of products of interest to potential partners, the reality of a system now based more on free market rules than other loyalties, and more. While there are some apparent possibilities for economic development in the mid-to-long-term, with developments in transportation corridors between Komi and Komi-Permiak and emigration from Komi to Mordovia and Mariel, most indications are that such inter-regional trade will continue to be moribund for a number of years.

Additionally, if there is real interest among representatives of the Finno-Ugric communities and their political leaders in developing trade relations between these regions, it has not had much impact. Thus, despite evidence of our interviews that indicated such interest across a number of levels of political and economic hierarchy, the force of ethnicity is not driving actual developments. This interest has not had much impact in driving trade relations between Russia’s Finno-Ugric regions and those outside of Russia.

**Trade and investment with the Finno-Ugric states**

Trade between Russia and the Finno-Ugric states in the post-Soviet period is very much affected by the general economic situation of each party to the activity. The post-Communist states (Russia, Estonia and Hungary) are particularly affected, as they are all going through the difficult internal transition to a market system. At the same time, however, Estonia and Hungary have been focusing Westward as they prepare for eventual entrance into the European Union. And, especially in Estonia, there is a lack of interest in trading with the imperial power that dominated it for over 40 years.

Nonetheless, as shown in Table 3, these states and Finland maintain economic interactions with Russia. This is again both a factor of need and geography. Russia offers the energy supplies (oil, gas, coal) that these countries lack. Thus, energy supplies are the base of their imports from Russia. Russia also sends other chemical supplies and timber by-products to these three countries. Russian imports from these three states have again been significantly affected by the crash of 1998. As a result, imports have
dipped significantly across Russia in the period since 1998, as Russians are not in a position to purchase goods that are now several times more expensive (Table 3).

Table 3: Russian Trade with Finno-Ugric States in 1998 (Millions of US Dollars)

<table>
<thead>
<tr>
<th></th>
<th>Exports</th>
<th>Imports</th>
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<tbody>
<tr>
<td>Finland</td>
<td>2,063</td>
<td>1,432</td>
</tr>
<tr>
<td>Estonia</td>
<td>511</td>
<td>151</td>
</tr>
<tr>
<td>Hungary</td>
<td>1,487</td>
<td>607</td>
</tr>
</tbody>
</table>

Trade is quite low between Russia's Finno-Ugric regions and international partners. In fact, only Komi and Udmurtiia show any significant levels of foreign trade at all, with each showing significant surpluses in 1999 resulting from their production of oil and oil byproducts, although Komi and Udmurtiia export notable amounts of timber and machine products, respectively. Again bedeviled by difficulty acquiring appropriate statistics, I rely on numbers focusing on the Komi Republic. As the most economically productive of the regions, one can assume that the amount of trade between the other regions and the Finno-Ugric states will be much smaller, although that of Udmurtiia is likely better than the other three members in the Eastern branch.

During 2000, the Komi Republic's total exports were $686.6 million dollars, of which less than 10%, or $61.6 million dollars, went to Finland ($40 million), Hungary ($19 million) and Estonia ($2.6 million). Oil comprised 99% of Finland's total imports from Komi and 69% of those going to Hungary. Almost all of Estonia's imports from Komi were timber byproducts, and 65% of the total was comprised of plywood.

International imports to Komi during 2000 were far lower, totalling only $134.2 million dollars. Of this, about 14%, or $18.7 million dollars, came from Finland ($17.8 million) and Hungary ($900 thousand), with no imports coming from Estonia. The types of imports received from these two countries were more varied than the exports, thus making it difficult to identify real patterns, but the key factor linking these items is that they are finished products. To the shame of some residents in Komi, a
long-term paper producer, a significant amount of the highest quality paper to be found in the region comes from Finland and other foreign countries.\footnote{58} For the other three regions, opportunities for international trade are few, whether with Finno-Ugric relatives or the general market.

Foreign investment in these five Finno-Ugric regions shows similar patterns to international trade and follows a rather simple economic formula. The region with the most to offer outside investors receives the lion's share of the investment. As a result, Komi's significant energy resources attract a lot of external investment; 99\% of total foreign investment in the region goes to that sector.\footnote{59} Udmurtia and Mordovia also attract a little international interest with some commercially viable industry. As regions in true economic crisis, however, Mariel and Komi-Permiak receive almost no interest from foreign investors. In both cases, this is tied to their significant agricultural sectors and, in Mariel's case, a history of armament production that is now no longer of importance to the Russian economy. It should be noted, however, that no region in Russia even approaches the amount of foreign investment received by the city of Moscow, although its share of total investment has been declining over the past five years.\footnote{60}

### Table 4: Foreign Investment in the Finno-Ugric Regions in 2000\footnote{61}

<table>
<thead>
<tr>
<th>Amount Invested in Thousands of US Dollars</th>
<th>In Type of Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Direct Investment</td>
</tr>
<tr>
<td>Russian Federation, mil. of US $</td>
<td>Total 10,958</td>
</tr>
<tr>
<td>Moscow (city), mil. of US $</td>
<td>Total 4,037</td>
</tr>
<tr>
<td>Komi Republic</td>
<td>Total 53,966</td>
</tr>
<tr>
<td>Republic of Marii El</td>
<td>Total 140</td>
</tr>
<tr>
<td>Republic of Mordovia</td>
<td>Total 8,560</td>
</tr>
<tr>
<td>Udmurt Republic</td>
<td>Total 10,560</td>
</tr>
<tr>
<td>Komi-Permiak Aut. Region</td>
<td>-</td>
</tr>
</tbody>
</table>

In looking at investment from the Finno-Ugric states in these five regions of the Eastern branch, the economic conditions of the potential foreign investors must also be considered. Thus, it is only realistic to expect any substantial investment in the Eastern regions from these states to come from
Finland; this turns out to be the case, although economic struggles in Russia during 1998 negatively affected all foreign investment in Russia during 1998 and 1999.\textsuperscript{62} Again, I am somewhat hampered in this analysis by the fact that my data only cover Finnish investment in Komi. In this case, Finnish investment was somewhat erratic, although it had increased from two million dollars in 1996 and 1997 (3.3% and 6.4% of total foreign investment, respectively) to $3.2 million dollars (4.3%) in 1998 before plunging to nothing, as was the case for most European and North American investors in 1999 following the ruble crash.\textsuperscript{63}

One measure of foreign investment for which I do have data for each region is the number of enterprises that at least partially include foreign capital. Again, the fact that Finland is the only clear and consistent player in these regions and across Russia among our three states is as expected. As shown in Table 5, geographic proximity plays the largest role in explaining capital investment in Russian enterprises as shown in the numbers for the region surrounding and including St. Petersburg and Karelia. Moreover, whereas Moscow enterprises employed Finnish capital in 128 enterprises in 1998, it had only increased by five in 1999. In looking closely at the numbers for the entire country, there appears to be no clearly evident ethnic connection, as the number of enterprises linked to the Finns in non-Finno-Ugric regions are better explained by geography than any other factor.

Table 5: Finnish Participation in Enterprises in Finno-Ugric Regions\textsuperscript{64}

<table>
<thead>
<tr>
<th>Region</th>
<th>1998</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>492</td>
<td>594</td>
</tr>
<tr>
<td>St. Petersburg Region</td>
<td>254</td>
<td>342</td>
</tr>
<tr>
<td>Republic of Karelia</td>
<td>30</td>
<td>39</td>
</tr>
<tr>
<td>Komi Republic</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Republic of Mariel</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Republic of Mordovia</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Udmurt Republic</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Komi-Permiak Aut. Region</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
The perception among local observers is that trade and investment between the Western Finno-Ugric states and their Eastern “cousins” are quite underdeveloped. There are certain positive signs, however, as discussion of construction on the Belkomur railroad from Finland through Syktyvkar to Perm indicates expanding economic relations between Komi, Finland and the Komi-Permiak District. Moreover, the participation of the leaders in the Finno-Ugric regions in the Third World Congress of Finno-Ugric Peoples in December 2000 indicates the desire of these leaders to expand relations, an interpretation that is supported in the views of many interviewees in spring 2001. Yet, the current signs of economic interaction across borders do not show a strong relationship among these Finno-Ugric peoples.

Conclusion

What explains the lack of economic interaction among Russian Finno-Ugric regions and between these regions and Finno-Ugric countries outside Russia? There are a number of factors, yet the most influential is clearly the economic depression that afflicts all of Russia and to a more or lesser degree these five regions. Moreover, Hungary and Estonia are not experiencing the same degree of distress as Russia, each is clearly going through a difficult transition of its own. Despite continued cultural interaction and expanded political ties across international borders, economic relations among and between Russia’s finno-ugria and their international relatives are not a priority. Additionally, the development of some market principles guiding Russia’s economic system means that political leaders have far less influence on the direction of trade and investment than they had in the Soviet regime. As a whole, it is clear that Finland has both the will and the means to engage these regions, but, to this point, has continued in its role of cautious neighbor in the face of a large and still powerful Russian state.

One of the key factors that explains Finland’s – and the rest of the world’s – hesitance to become involved in any region of Russia is the continuing instability of Russia’s laws regarding many matters, but specifically those regarding trade and ownership of both land and business ventures. This instability, combined with Russia’s generally poor economic conditions, makes any outsider hesitant to become
involved in Russia, whether or not there is an ethnic link pushing that interaction. Thus, the fact of interest among key national and political elites in strengthening multi-faceted ties does not necessarily lead to actual economic relationships.

Another factor that must be noted, but is difficult to measure, is residual political animosity and the weight of history. As discussed before, Estonia and Hungary have some real negative associations with Russia and ethnic Russians, whether or not there is an interest in economic relations with the Eastern Finno-Ugrians. In many ways, the same is true for Finland, although Finland is in a better psychological and economic situation than the other two states. Nevertheless, factors of distrust and harassment continue to impact relations. For example, the Federal Security Service (FSB) has been known to question exchange students traveling to Estonia and the other two countries, while showing real concerns about the possibility of anti-Russia, nationalist activity in Estonia. 67

In the end, while the pull of ethnic factors may actually be quite strong both in terms of nationalist linkages and more practical business relationships, the obstacles to such relationships are currently much stronger, particularly as concerns the development of economic ties. These obstacles are a result of current economic conditions in Russia and Eastern Europe, the expansion of market principles that decentralize decision-making, an unstable Russian legal system, and the power of historical perspectives and traditional behaviors. All of these factors combine to limit economic ties among many of the Finno-Ugric regions, whether within or outside of Russia. Even with high levels of cultural exchange, what the future holds for economic relationships is difficult to foretell, given these obstacles.
Appendix A: Regional Statistics

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of Un-occupied Citizens that are Searching for Work</th>
<th>Number of Unemployed</th>
<th>Number of Unemployed that Receive Unemployment Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russian Federation</td>
<td>1196.5</td>
<td>1442.7</td>
<td>1037</td>
</tr>
<tr>
<td>Komi Republic</td>
<td>16.7</td>
<td>27.5</td>
<td>15.8</td>
</tr>
<tr>
<td>Republic of Mariel</td>
<td>8.4</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>Republic of Mordovia</td>
<td>10.1</td>
<td>16</td>
<td>9.2</td>
</tr>
<tr>
<td>Udmurt Republic</td>
<td>25.1</td>
<td>28.2</td>
<td>22.1</td>
</tr>
<tr>
<td>Komi-Permiak Auton. Region</td>
<td>1.6</td>
<td>1.7</td>
<td>1.5</td>
</tr>
</tbody>
</table>
Appendix B: Finno-Ugric Regional Trade Statistics

Dates of Treaties between Five Finno-Ugric Regions

<table>
<thead>
<tr>
<th></th>
<th>Komi Republic</th>
<th>Republic of Mariel</th>
<th>Republic of Mordoviia</th>
<th>Udmurt Republic</th>
<th>Komi-Permiak Aut. Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Komi Republic</td>
<td>-</td>
<td>12-30-1997</td>
<td>5-4-1996</td>
<td>1996</td>
<td>3-11-2001</td>
</tr>
<tr>
<td>Republic of Mordoviia</td>
<td>5-4-1996</td>
<td>-</td>
<td>12-18-1996</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Komi-Permiak Aut. Region</td>
<td>3-11-2001</td>
<td></td>
<td></td>
<td></td>
<td>-</td>
</tr>
</tbody>
</table>
Endnotes

3 Examples include Belgium, the Netherlands, Switzerland and post-Franco Spain.
5 Ibid., pp. 164-9.
12 Anderson, *Imagined Communities*, p. 188.
22 Skvoznikov, *Respublika Komi*, p. 36. In several of these regions, the native share of the populations is growing in the post-Soviet era, particularly as non-Finno-Ugric peoples emigrate to other regions. One must also recognize that the titular population is in the majority in the Komi-Permatskii Okrug. Yet, despite constitutionally autonomous status, the region is still subservient in a number of areas to the Perm Oblast' authorities.

26 Interview with Yuri Deryagin (Director, Drilling Company Alliance), June 2001.

27 Ibid., and interview with Vladimir Ovchinnikov (correspondent in the Komi Republic for Tribuna), June 2001.


30 Interview with Ovchinnikov, Director Udmurt Institute for State and Municipal Service (IZhevsk, Udmurtiia), April 23, 2001.


32 *Respublika Marii el': statisticheskii sbornik* (Ioshkar Ola, Mariel: State Statistical Committee Mariel, 2001) pp. 73-6.

33 Interview with Vladimir Sharov, Deputy to the Head of Information Analysis, State Assembly Republic of Mariel (Ioshkar Ola, Mariel), May 2001.

34 *Fino-ugorskii Mir* (Syktyvkar: State Statistical Committee Republic of Komi, p. 12.

35 Ibid., p. 36.

36 Interview with Anatolii Ditiatin, Deputy Head of the Komi-Permiak District (Kudymkar, Komi-Perm), March 23, 2001.


40 Data for Komi-Perm's agricultural production is missing from 1995, thus making it difficult to accurately evaluate this sector. The relatively small drop in industrial production is probably insignificant, as the region only comprised 0.02% of Russia’s entire industrial production. Taking its population into consideration, Komi-Perm had produced only 20% of the Russian average per individual. *Regiony Rossii*, vol. 2, Tom. 1, p. 392.


45 Total production of all regions, not total production of the Russian Federation. The latter is slightly more than the former.


49 I acknowledge, however, that treaties between regions are widespread and not just between members of a particular ethnic group. In fact, in the case of the Fino-Ugric regions, it appears that ethnicity plays little role in the formation of these treaties.

50 Signatories included the Perm oblast which houses the Komi-Perm region. This gives the latter a great deal of independence, but it must also look up to two “masters” in Perm and Moscow.
As of my departure from Russia in mid-June, the text of the new agreement between Komi and Mariel had not been released beyond very narrow official circles. My contacts with the Komi Republic's Ministry for Foreign Relations could not provide me this document although I was able to get copies of agreements with the other Finno-Ugric regions.

This is part of a World Bank funded program designed to re-settle “unemployed residents and residents who are unable to work from [Komi’s] far northern territories.” See Yuri Shabaev, “Komi Signs Resettlement Agreement with World Bank, EWI Research Report, vol. 4, no. 30 (August 11, 1999).

James Alexander, “Komi and the Center: Developing Federalism in an Era of Socio-Economic Crisis,” in Daniel Kempton and Terry Clark, eds., Unity or Separation: Center-Periphery Relations in the Former Soviet Union, (Praeger Press, in press).


Regiony Rossii, vol. 2, tom. 2, pp. 858-61. In that year Komi had an export-import ratio to non-CIS countries of approximately 7:1 ($680 million in exports and $95 million dollars in imports), while Udmurtia had almost a 5:1 ratio ($521 million in exports and $110 million dollars in imports).

Statistical evidence provided by the office of Ivan Kulakov, Deputy Speaker State Council of the Republic of Komi, June 2001.

Informal discussion with residents in Komi and/or interviews.

Ekonomicheskii sviazi Republiki Komi: analiticheskaya zapiska, Republic of Komi Division of the State Statistical Bureau (May 2001), p. 28.

In 1996, the economy of the city of Moscow received over 65% of all foreign investment in Russia. Regiony Rossii, vol. 2, tom. 2, p. 826.

Data provided independently to researcher by a regional representative of the State Statistical Committee.


Komi Republic Division of the State Statistical Bureau, general statistical evidence, chapter XXIII Investment, p. 7.


Interview with Vitalii Baiandin, research fellow (economist) Division of Social Science, Komi-Permiak Affiliate of Udmurttia State University (Kukymkar, Komi-Permiatskii Okrug), March 2001; and interview with Valerii Yurchenkov, Professor of History at the Institution of History and Sociology, Mordovian State University (Saransk, Mordovia) April 9, 2001.

Out of this meeting, the Komi Republic signed an agreement of economic cooperation with Finland. What that means in practice is still unclear. Yuri Shabaev, “Sootrudnichestvo Komi-Finlandia razvivaiutsia, “unpublished document, December 2000.

Interview with Erik Yuz’ekain, Ministry of Culture, Republic of Mariel (Ioshkar Ola, Mariel), May 2001. Forced personal interaction with Komi Republic FSB representatives during spring indicates the expanding role of the federal security services.

Data provided independently to researcher by a regional representative of the State Statistical Committee.

Signed along with the Perm Oblast.

While one would expect that the May 2001 agreement would replace and/or update the earlier treaty, this is as yet unclear.

Signed along with the Perm Oblast.