

Global Cities versus Rustbelt Realities: The Dilemmas of Urban Development in Russia

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Beneath the façade of strength and stability, Russia's political economy faces a number of critical dilemmas. One is the contradiction at the heart of Russian urban development. On the one hand, cities are being called the engines of growth in a globalized capitalist system, and Russian liberal reformers, such as Aleksei Kudrin, have pushed the government to inject resources into a handful of potentially "global cities," a priority recently endorsed by Vladimir Putin and the Russian government. Yet Russia's built urban geography is quite different: almost uniquely, rather than a small number of large metropolitan centers, Russia contains hundreds of small and medium-sized cities, most of which were formed during Stalinist and post-Stalinist industrialization. Hence the dilemma: the need for new sources of growth, or in Kudrin's phrase, "cities instead of oil," appears compelling, and yet Russia's existing human geography, and the regime's clear desire for political stability, suggests that such a policy of urban transformation faces overwhelming obstacles.

In the broadest terms, the dilemma could be viewed as one pitting the interests of what Natal'ia Zubarevich called "first Russia" (primarily Moscow and St. Petersburg) and "second Russia": the country's industrial regions.¹ The conflict deepens class as well as regional interests, as became clear during the ostensibly middle-class and "first Russia" protests of 2011–12, when Putin positioned himself as a defender of working-class interests against the liberal cosmopolitans, and, as some argued, pitted "rural and Rust Belt Russia against urban and modernizing Russia."²

Yet it is far from clear that a populist strategy provides a long-term solution for political leaders confronting such divisions. In his study of "Putinomics," Chris Miller argues that there is a hierarchy of goals at work in Russia's political economy: "first, political control; second, social stability;

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1. Natal'ia Zubarevich, "Chetyre Rossii," *Vedomosti.ru*, December 30, 2011, at http://www.vedomosti.ru/opinion/news/1467059/chetyre_rossii (accessed April 1, 2020); Natal'ia Zubarevich, "Four Russias: Rethinking the Post-Soviet Map," *openDemocracy*, at <https://www.opendemocracy.net/en/odr/four-russias-rethinking-post-soviet-map/> (accessed April 1, 2020). To be sure, even suggesting there are "four Russias" risks greatly oversimplifying the country's complex human geography, such as micro-regions within individual urban centers.

2. Ivan Krastev and Stephen Holmes, "An Autopsy of Managed Democracy," *Journal of Democracy* 23, no. 3 (July 2012): 44.

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third, efficiency and profit.”³ The contradictions in such a ranking of priorities soon become clear. Political control cannot rely indefinitely on repression and propaganda, especially if the third goal—an efficient economy that provides some public benefit—is not being met. Yet plans to further liberalize Russia’s economy may soon run aground, since prioritizing that third goal of economic efficiency, especially in contemporary Russian society, risks undermining social stability, and ultimately political control.

In what follows we will explore the economic logic behind the rise of “global cities,” but then contrast such a scenario for Russia with the country’s existing urban geography. We will look most closely at an extreme example of this challenge, namely Russia’s “monotowns”—hundreds of one-industry cities and towns created to meet the needs of an entirely different economic system and historical era. The monotowns are an acute form of a larger challenge, namely: how to find new sources of economic growth while managing continued deindustrialization and maintaining political stability. Thus, in explaining why Russia remains “stuck in the middle-income trap,” one outside observer put it rather crudely but with only slight overstatement: “The problem the Kremlin faces is that to really make a difference it needs to basically sack half the workforce and tell them to find a better job—and in most regions these private sector jobs simply don’t exist.”⁴

The argument presented here will be less about how to resolve complex and technical policy issues, and more about the challenges the regime faces should it attempt to boost economic growth through further neoliberal reforms. Those challenges include likely resistance from below, which in turn threaten to undermine the regime’s current legitimation strategy. The actual likelihood that Russia’s monotowns or other rust-belt regions would erupt in destabilizing social unrest can be questioned. Indeed, while monotown residents—as well as those in other Russian working-class communities—do engage in collective protest, most often they employ individual strategies to adapt to challenging conditions. While the Russian state has immense power, everyday Russians often engage, as Samuel Greene argues, in “aggressive immobility.”⁵ In doing so, they resist following simple economic logic that would suggest they migrate to locations with better economic conditions, and instead refuse to abandon place, while making their struggling communities, in Jeremy Morris’s apt phrase, “habitable.”⁶

Yet, as Mischa Gabowitsch has argued, when they perceive their communities to be directly threatened, Russians protests often erupt precisely over “place.”⁷ Despite the fact that monotowns are by definition isolated

3. Chris Miller, *Putinomics: Power and Money in Resurgent Russia* (Chapel Hill, 2018).

4. Ben Aris, “Moscow Blog: Russia Is Stuck in the Middle Income Trap,” *BNE Intellinews*, December 21, 2017, at <http://www.intellinews.com/moscow-blog-russia-is-stuck-in-the-middle-income-trap-134557/> (accessed April 1, 2020).

5. Samuel A. Greene, “Running to Stand Still: Aggressive Immobility and the Limits of Power in Russia,” *Post-Soviet Affairs* 34, no. 5 (September 2018): 333–47, <https://doi.org/10.1080/1060586X.2018.1500095> (accessed April 1, 2020).

6. Jeremy Morris, *Everyday Post-Socialism: Working-Class Communities in the Russian Margins* (Basingstoke, 2016).

7. Mischa Gabowitsch, *Protest in Putin’s Russia* (Cambridge, Eng., 2017).

communities where the potential for protest to spread from one to another might be limited, as we shall see, the Russian authorities have demonstrated a palpable fear of social unrest stemming from these particularly vulnerable cities and towns. Such fear places a sizeable barrier in front of any attempt to increase economic growth by shifting capital and state resources from declining regions to more dynamic urban centers.

The New Urban Geography

Nevertheless, one clear path for escaping from a middle-income trap would be for Russia to focus on the growth of major metropolitan cities as centers of innovation in a global capitalist economy. Liberal economists look to large cities as creative environments and centers of innovation and entrepreneurship. Such thinking has been popularized by the work of urbanist Richard Florida, among others, who argues that “superstar” or “global” cities such as New York, London, and Tokyo are the engines of technological change, receive a disproportionate share of capital investment, and house the world’s leading-edge companies and talent. Florida coined the term the “creative class” to describe the professionals who are drawn to such cities, a descriptor that was widely adopted to portray the anti-Putin protesters in Moscow and St. Petersburg in 2011–12.⁸

Others, writing from the perspective of “critical urban studies,” tend to look at urban development through the lens of globalization and neoliberalism, yet also see major cities as the nodes of global capitalist development.⁹ As they point out, globalization remains rooted in place, and global cities provide the critical infrastructure for multinational corporations and house the world’s richest people.¹⁰ Such cities become centers of capital investment and accumulation through finance and real estate. Yet such a “spatial fix” for capital accumulation inevitably entails a reciprocal withdrawal of capital from, and the dispossession of, urban centers once considered vital to economic dynamism, a process with profound social, and at times political, consequences.¹¹ This crucial point is missed by some of the more breathless accounts of the rise of new “smart cities.”¹²

8. Richard L. Florida, *The Rise of the Creative Class: And How It’s Transforming Work, Leisure, Community and Everyday Life* (New York, 2004); Charlotta Mellander, Richard L. Florida, Bjørn Terje Asheim, and Meric S. Gertler, eds., *The Creative Class Goes Global, Regions and Cities* 69 (London, 2014).

9. Ugo Rossi, *Cities in Global Capitalism*, Urban Futures Series (Cambridge, Eng., 2017), 5.

10. Saskia Sassen, *The Global City: New York, London, Tokyo* (Princeton, 1991); Saskia Sassen, *Globalization and Its Discontents: Essays on the New Mobility of People and Money* (New York, 1998).

11. David Harvey, *Cosmopolitanism and the Geographies of Freedom* (New York, 2009); David Harvey, *The Limits to Capital*, New and fully updated ed. (London, 2006).

12. Claudio Coletta, Leighton Evans, Liam Heaphy, and Rob Kitchin, eds., *Creating Smart Cities*, Regions and Cities 131 (New York, 2018); Houbing Song, Ravi Srinivasan, Tamim Sookoor, and Sabina Jeschke, eds., *Smart Cities: Foundations, Principles, and Applications* (Hoboken, 2017). For a critical take on the concept of the “smart city,” see Anthony M. Townsend, *Smart Cities: Big Data, Civic Hackers, and the Quest for a New Utopia* (New York, 2013).

Yet the economic logic behind investing in such cities appears compelling. As Carol Leonard has pointed out, “while accelerating globalization and the role of the information-driven knowledge economy may seem to reduce the importance of proximity for firm performance, it is now clear that the reverse is true; geographic proximity generates agglomerative advantage, and city regions surge forward as the locus of economic development.”¹³

Picking up on this belief of core urban centers as the drivers of economic development, liberal economist and Kremlin advisor Kudrin has argued that the Russian government should focus its resources and investment on a small handful of major cities, in addition to Moscow and St. Petersburg, to become engines of economic growth. His argument was apparently persuasive: its broad outlines were endorsed by Putin in his 2018 Address to the Federal Assembly and during his campaign for reelection the same year. It was later approved as government policy in an official “Strategy of Spatial Development Through 2025.”¹⁴ Such a strategy for Russia runs directly against the facts on the ground, however: in stark contrast to almost the entire developed world, Russia’s population is not concentrated in a few urban centers, but in several hundred medium-sized cities and towns, many distributed across Russia’s vast territory, and often far from other metropolitan agglomerations. These include over 300 officially-designated cities and towns whose fate is dependent on a single industry and hence are “monotowns” (*monoprofil’nye goroda* or simply *monogoroda*) that the government ranks according to the severity of their “socio-economic conditions.” While capital investment may flow to a handful of major cities, large numbers of Russian citizens remain rooted in places that defy the expectations of technocratic planners. There has been migration from far-flung cities and towns to regional centers and major metropolises, yet few of these communities show any signs of disappearing.

Russia’s Built Geography

By one important measure at least, Russia has successfully deindustrialized: a huge portion of the labor force has shifted from the industrial to the service sector. From 1991 to 2017, the percentage of those employed in industry (out of the total employed in Russia) declined from over 34% to under 26%.¹⁵ Yet the industrial legacies that remain from the Soviet period are substantial. One is the symbolic (and ultimately political) importance of industrial labor, a core part of the Soviet identity. But another is Russia’s economic geography.

13. Carol Leonard, “Spatial Development and Innovation in Russia,” *Foresight and STI Governance* 10, no. 3 (2016): 30–33.

14. “Razvitie gorodov dolzhno stat’ dvizhushchei siloi dlia strany, zaiavil Putin,” *RIA Novosti*, March 1, 2018, at <https://ria.ru/economy/20180301/1515514425.html> (accessed April 2, 2020); Pravitel’svo Rossiiskoi Federatsii, “Ob utverzhenii strategii prostranstvennogo razvitia do 2025 goda,” February 14, 2019, at <http://government.ru/docs/35733/> (accessed April 2, 2020).

15. World Bank, “Employment in Industry (% of Total Employment) (Modeled ILO Estimate) - Russian Federation,” World Bank Databank, at <https://data.worldbank.org/indicator/SL.IND.EMPL.ZS?locations=RU> (accessed April 2, 2020).

In the Soviet Union industrialization preceded urbanization, both happening in compressed fashion, with the needs of industry greatly shaping the location and the form of the country's new urban areas. More than one thousand new cities were built in the Soviet period, the majority in the Stalinist 1930s, most of which were “born and raised as Soviet-style company towns, in the shadow of one industrial establishment or with several establishments dividing responsibility or competing for control.” These enterprises provided “housing and whatever meager services” there were.¹⁶ These cities—built around industrial enterprises (sometimes called *gradoobrazuyushchie predpriyatiya* or “city-forming enterprises”) and created to meet the needs of a planned economic system that no longer exists—remain a sizeable legacy from the Soviet past.¹⁷

Over time, the variety and scope of services these factories provided to their cities and its inhabitants grew. In order to attract and retain (especially skilled) labor, Soviet industrial enterprises, in the face of shortages of consumer goods and services as well as labor, developed a unique system of providing for their workforces. If a worker in capitalist society received a wage packet and various benefits, a worker in Soviet society received that and also housing, access to the enterprise hospital, to day care and other forms of education for one's children, often employment for one's spouse, trips to rest homes and vacation centers, and consumer goods ranging from automobiles to perishable food items.¹⁸ In some ways the Soviet Union was never truly a welfare state, since its vast (if often inadequate) welfare system was largely distributed through the workplace.¹⁹ With this enterprise paternalism (as some have termed it), the enterprise became the central social unit of Soviet society.

Soviet industrialization bequeathed to Russia a unique urban geography: in contrast to most other countries, where the population is congregated in a few large cities, Russia has many small and dispersed industrial cities. According to the 2010 census, only eleven cities in Russia had more than a million people.²⁰ In the US, over 66% of the urban population lives in metropolitan areas of one million or more; in Russia only 31% do so. More than 30% of Russia's urban residents live in cities with fewer than 100,000 inhabitants, while only a small fraction of US urban residents do so (Figure 1).²¹

16. William Taubman, *Governing Soviet Cities: Bureaucratic Politics and Urban Development in the USSR* (New York, 1973), 54.

17. Stephen J. Collier, *Post-Soviet Social: Neoliberalism, Social Modernity, Biopolitics* (Princeton, 2011); Stephen Kotkin, *Magnetic Mountain: Stalinism as a Civilization* (Berkeley, 1997).

18. World Bank, “Russia: Reshaping Economic Geography” (Washington, D.C., 2011), 40; Collier, *Post-Soviet Social*; Stephen Crowley, *Hot Coal, Cold Steel: Russian and Ukrainian Workers from the End of the Soviet Union to the Post-Communist Transformations* (Ann Arbor, 1997).

19. Miller, *Putinomics*, 104.

20. World Bank, “Russia: Reshaping Economic Geography,” 58.

21. United Nations, “World Urbanization Prospects—Population Division—United Nations,” at <https://population.un.org/wup/> (accessed April 2, 2020); “City Population—Population Statistics in Maps and Charts for Countries, Administrative Divisions, Cities, Urban Areas, and Agglomerations-- Interactive Maps and Charts,” at <https://www.citypopulation.de/>; U. S. Census Bureau, “American FactFinder—

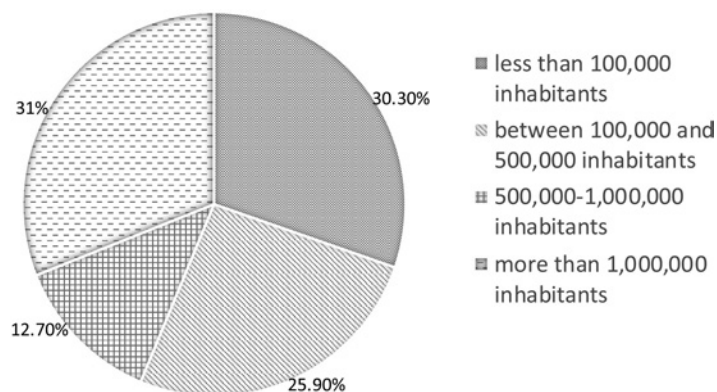


Figure 1. Breakdown of Russian Urban Population by City Size

These cities are also dispersed over Russia's vast territory. Russia ranks first in the world in land area, but is near the bottom of world rankings in terms of population density. Yet Russia lacks compact population centers even when compared with other large countries with sparse populations: while more than 30% of Canadians and 50% of Australians live in one of the three largest urban areas in their countries, only 13.4% of Russians live in Moscow, St. Petersburg, or Novosibirsk (Figure 2).²²

Yet not only is Russia vast and relatively underpopulated, but the climate of much its territory is quite harsh. In the Soviet period Russia's industrial geography was established not to create greater market efficiencies—say by adding to existing urban agglomerations in order to lower transportation costs—but to meet the demands of military planners or to place production in close proximity to raw materials, even if labor there was scarce. The labor problem in harsh climates was overcome during Stalinist industrialization through the Gulag system of prison camps, and in the post-Stalinist period by the positive inducement of wage supplements.²³

Russia appears unique even in comparison with countries and regions with similarly harsh climates. For instance, by one estimate, if Alaska was as densely populated as Siberia, it would have a population of 13 million instead of 710,000.²⁴ In a study comparing the “spatial economies” of Russia and Canada, Irina Mikhailova found that at the end of the Soviet period Russia's

Results,” at https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=PEP_2017_PEPANNRES&prodType=table (accessed October 5, 2018, no longer available); Collier, *Post-Soviet Social*, 111–12.

22. World Bank, “Russia: Reshaping Economic Geography”; Statistics Canada Government of Canada, “Statistics Canada: Canada's National Statistical Agency,” February 1, 1995, at <https://www.statcan.gc.ca/eng/start> (accessed April 2, 2020); “Australian Bureau of Statistics, Australian Government,” at <http://www.abs.gov.au/> (accessed April 2, 2020).

23. Tatiana Mikhailova, “Gulag, WWII and the Long-Run Patterns of Soviet City Growth,” Paper published on the Munich Personal RePEc Archive, September 2012, at <https://mpra.ub.uni-muenchen.de/41758/> (accessed April 2, 2020).

24. Clifford Gaddy and Barry William Ickes, *Bear Traps on Russia's Road to Modernization* (New York, 2013), 51.

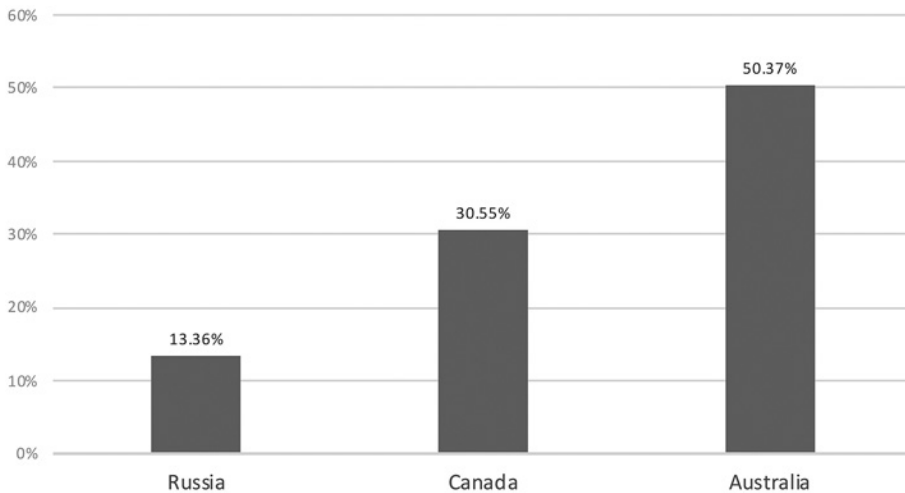


Figure 2. Percentage of Population in Three Largest Cities

Siberia and the Far East was overpopulated by about 14.5 million people (or about 42% of the region's population) relative to Canada. Had Soviet Russia's spatial development followed the Canadian example, industrial employment in Siberia and the Far East would have been only one-third of its actual amount.²⁵

Clearly such a distribution of population was not driven by market forces. According to the World Bank, "whereas the population of Siberia and the Far East increased forty-fold over the course of the 20th century, the region's GDP only increased five-fold, indicating a drastic fall in labor productivity."²⁶ This left a sizeable part of Russia's industrial infrastructure at a three-fold disadvantage: first in terms of isolation, the sheer distance of enterprises from suppliers and consumers; second and relatedly, the transportation infrastructure inherited from the Soviet period was in poor shape, and worsened during the immediate post-Soviet period; and third, the placement of industries and populations in cold climates added considerable costs as well.²⁷

All of these Soviet-era development decisions—creating large industrial enterprises in relatively small and isolated cities, often in harsh climates, many geared towards the military—can be criticized on the grounds of market efficiency. Yet as the World Bank put it, "the system 'worked' as long as relative prices were controlled to reflect domestic planning priorities rather than international relative scarcities."²⁸ Once exposed to global competition, however, these inefficiencies were quickly and often brutally revealed.

25. Tatiana Mikhailova, "Where Russians Should Live: A Counterfactual Alternative to Soviet Location Policy," Paper published on the Munich Personal RePEc Archive, January 13, 2012, at <https://mpra.ub.uni-muenchen.de/36157/> (accessed April 2, 2020).

26. World Bank, "Russia: Reshaping Economic Geography," 33.

27. Fiona Hill and Clifford Gaddy, *The Siberian Curse: How Communist Planners Left Russia Out in the Cold* (Washington, D.C., 2003); Gaddy and Ickes, *Bear Traps on Russia's Road to Modernization*.

28. The World Bank, "Special Topic: The Challenge of Monocities," *The Russian Economic Report*, no. 22, June 16, 2010, p. 23.

Following the collapse of the Soviet Union, the Russian government took a number of very large steps along the road of radical economic reform. It liberalized prices, dismantled central planning, opened up to the global market, and privatized enterprises, all in rapid fashion. Yet the Russian government could not get past the step—so crucial for a capitalist economy—of shutting down large but noncompetitive and unprofitable enterprises. While there were a number of reasons for not doing so, one stands out: the fear of elites about the possibility of a “social explosion.” As Pavel Romanov summarized this view in 1996: “The fear of social explosion is constantly visible in many public statements of both local and national leaders.”²⁹

Governors and other regional leaders were particularly concerned that, given the chaos and economic decline, social unrest might unseat them from power, and sought various means to keep large enterprises from shutting down entirely.³⁰ Towards the end of the decade a growing crisis in wage arrears led to a strike wave and rail blockades by miners and others, with a number of governors exploiting the protests to extract more resources from Moscow.³¹ This was a major impetus behind Vladimir Putin’s push for a “power vertical” upon assuming the presidency in 2000.

During the oil boom years from 2000 to 2008, liberal advisors to the Kremlin consistently argued that subsidies to prop up inefficient enterprises and maintain populations in inhospitable climates were economically unsustainable. Regional leaders and more statist officials, alarmed by the prospect of removing subsidies, instead sought a policy of transforming and modernizing existing population centers.³² In the end, the Russian state followed something of a compromise strategy. It sharply reduced (and in some cases eliminated) state support for people living in Russia’s remote regions. Mass migration from Russia’s Arctic that had begun in the 1990s, at times leading to abandoned villages or towns, continued, though at a reduced pace.³³ As Wengle notes, the “federal government remained committed, however, to supporting Soviet-era industrial enterprises, to both foster economic diversification and avoid turning provincial cities into ghost towns.” Thus, “while reasserting the center’s authority over the regions, Putin still had to provide solutions to the problems that regional governors had been grappling with since the 1990s.”³⁴

At the same time, the relative prosperity of the oil boom years removed the impetus to carry out painful reforms. The World Bank’s assessment of the impact on monotowns is worth noting:

29. Pavel Romanov, “The Regional Elite in the Epoch of Bankruptcy,” in Simon Clarke, ed., *Conflict and Change in the Russian Industrial Enterprise* (Cheltenham, 1996), 224.

30. Thomas F. Remington, *The Politics of Inequality in Russia* (Cambridge, Eng., 2011); Susanne A. Wengle, *Post-Soviet Power: State-Led Development and Russia’s Marketization* (New York, 2015); David Woodruff, *Money Unmade: Barter and the Fate of Russian Capitalism* (Ithaca, 1999).

31. Graeme B. Robertson, *The Politics of Protest in Hybrid Regimes: Managing Dissent in Post-Communist Russia* (New York, 2011).

32. Wengle, *Post-Soviet Power*, 92–93.

33. Timothy Heleniak, “International Comparisons of Population Mobility in Russia,” *International Journal of Population Research*, 2012, <https://doi.org/10.1155/2012/361497> (accessed April 6, 2020).

34. Wengle, *Post-Soviet Power*, 93.

During the economic expansion of the 2000s, many Russian monotowns benefited from high prices for resources and semi-finished products, and the commodity price boom stimulated the local economy. Rapid expansion of the construction sector created new demand for metal and wood products. In these circumstances, most of the core enterprises that survived the crash of the Soviet economy in the 1990s did well. Devolution of social assets was stopped or reversed, as the prosperous core enterprises reverted to providing social services for their employees.³⁵

To be sure, there have been closures of many firms in Russia. One can walk through many industrial regions and towns in Russia and see the empty shells of former workplaces and industrial warehouses. Yet rather paradoxically, much of Russia's industrial geography remains in place. In the estimates of some, the country's greatest economic challenges "stem from the fact that today's Russian Federation has yet to overcome the nonmarket industrial structure it inherited from the Soviet Union. . . the structure of the Russian economy's industrial core, along with its legacy of misdevelopment and mislocation for production and population, remains intact."³⁶

Monotowns and the 2008 Economic Crisis

This complacency was abruptly shaken with the global economic crisis of 2008–09, when a significant drop in industrial output led to fears of substantial unemployment and the specter of social unrest. With the crisis, the term "monotown" grabbed the widespread attention of Russian society and political observers. Given their narrow economic base and for many a dependence on commodity prices, monotowns were hit particularly hard, especially those in the metals, chemicals, machine-building, and wood and paper products industries. The provision of social services by enterprises went into a sharp decline, and city finances suffered as revenue dropped from taxes on enterprises and on falling or nonexistent wages.³⁷

Soon thereafter, in November 2008, the economist (and former head of Russia's Department of Social Development) Yevgenii Gontmakher caused a sensation when he published an article in the newspaper *Vedomosti* about the potential for social unrest in monotowns, provocatively titled "Novocherkassk, 2009!"³⁸ Novocherkassk, a town in southern Russia where protesting workers were brutally repressed during the Khrushchev era, remains synonymous with spontaneous labor uprising and state repression in Russia to this day.³⁹ Indeed, in a sign of the historical event's continued resonance, just months earlier, in February 2008, President Putin visited Novocherkassk and laid

35. World Bank, "Russia: Reshaping Economic Geography," 41.

36. Clifford Gaddy and Barry W. Ickes, "The Russian Economy Through 2020: The Challenge of Managing Rent Addiction," in Maria Lipman and Nikolay Petrov, eds., *Russia in 2020: Scenarios for the Future* (Washington, D.C., 2011), 165.

37. World Bank, "Russia: Reshaping Economic Geography," 42.

38. Evgenii' Gontmakher, "Stsenarii: Novocherkassk-2009," *Vedomosti*, November 6, 2008, 210.

39. Samuel H. Baron, *Bloody Saturday in the Soviet Union: Novocherkassk, 1962* (Stanford, 2001).

flowers at a memorial to the workers killed in 1962. As a result, Russia's Federal Mass Media Inspection Service warned *Vedomosti's* editor-in-chief that the article "could be considered an attempt to incite extremist activities," and thus in potential violation of Russia's antiterrorism law.⁴⁰

Just five months later, in May 2009, protests erupted in Pikalyovo, a monotown in Leningrad Oblast. The town's three factories had shut down, with one-fifth of the city's population laid off and many workers owed back wages. Without revenue, the town was in debt to Gazprom for \$4.5 million for its gas bill, and the town's heating plant was shut down, depriving the city's residents of hot water.

As a result, residents stormed the mayor's office, and then blockaded a major highway, creating a 400-km traffic jam, making the conflict difficult to ignore. Then-Prime Minister Putin soon arrived in the town by helicopter to personally intervene in the crisis, in large part by dressing down oligarch factory owner Oleg Deripaska. In an act of ritual humiliation shown on all the national television channels, Putin compelled Deripaska to sign a document promising that the town's factories would resume operation. The scene became known as the "bending of an oligarch," and signaled a heightened expectation for social responsibility as well as profit-making for Russia's captains of industry.⁴¹

In a clear signal of its concern, the Russian government established a commission in the wake of the crisis, which is still in operation, to monitor the country's monotowns. The official government list of Russian monotowns published in July 2014 by the Ministry of Economic Development included 313 municipalities, of which 229 are larger than "settlements."⁴² The list has subsequently been revised upwards to a total of 319 monotowns. By that measure fourteen million people, or roughly 10% of Russia's population, reside in a monotown.

There is an extensive Russian literature on monotowns, most of it written since the 2008 crisis, with the majority of those focused on various proposals for their transformation and survival.⁴³ Yet in what is arguably the most extensive Russian study of the monotown phenomenon, N. Iu. Zamyatina and A. N. Pilyasov argue that this literature is filled with "myths and fallacies."⁴⁴

For one thing, Russia's monotowns vary on a number of dimensions, and thus it would be a mistake to characterize their problems and prospects as

40. Dmitry Oreshkin, "The 2nd-Largest Potemkin Village in History: Opinion," *The Moscow Times*, December 17, 2008, at <http://www.themoscowtimes.com/opinion/article/tmt/373229.html> (no longer available, last accessed April 30, 2015).

41. Alena V Ledeneva, *Can Russia Modernize?: Sistema, Power Networks and Informal Governance* (Cambridge, Eng., 2014).

42. Pravitel'stvo Rossii, "Ob utverzhenii perechnya monogorodov," July 2, 2014, at <http://government.ru/docs/14051/> (accessed April 6, 2020).

43. See, for example, the many sources cited by N. Iu. Zamyatina and A. N. Pilyasov, *Innovatsionnyi poisk v monoprol'nykh gorodakh: Blokirovki razvitiia, novaia promyshlennaia politika i dorozhnaia karta peremen* (Moscow, 2015), at <http://istina.msu.ru/publications/book/9716243/> (accessed April 6, 2020).

44. N. Iu. Zamyatina and A. N. Pilyasov, *Innovatsionnyi poisk v monoprol'nykh gorodakh*, 7. See also Natal'ia Zubarevich, *Regiony Rossii: Neravenstvo, krizis, modernizatsiia* (Moscow, 2010).

identical. For example, monotowns vary greatly in size. The largest monotown is Tol' iatti, where until recently one out of every seven residents in a city of 700,000 was directly employed at the giant Avto-VAZ automobile factory. Yet by one count, forty-eight out of a total of 335 monotowns were under 5,000 in population. Most ranged anywhere from 300,000 to over 5,000 in size.⁴⁵ Monotowns also vary in their level of isolation: some are located in areas with reasonable transportation to large cities, while others are quite remote.⁴⁶ Moreover, the industrial sector of the "city-forming enterprise" in each town can face very different prospects, with those prospects changing over time.⁴⁷

Nevertheless, while the monotowns' conditions are far from identical, a large proportion of them face difficult prospects. Thus, while Zubarevich has been skeptical of overdrawn fears of social unrest in monotowns, she nevertheless argues that "sooner or later the majority of them will become problematic."⁴⁸ The World Bank has concluded that it "is likely that only a few of the enterprises can compete in international markets," since their "underlying problems are market unfriendly locations for enterprises which produce uncompetitive products."⁴⁹ Indeed, while a number of the monotowns are located relatively close to other urban agglomerations, given Russia's enormous size, its low population density, and the decisions of Soviet planners, many of Russia's monotowns are vastly more isolated than "company towns" in other countries.⁵⁰

For these reasons, as well as its clear concern for preventing social unrest, the Russian government's monotown list divides the cities into three categories, according to their "risk of worsening social-economic conditions." In the 2014 government list, seventy-five municipalities were included in "category 1" as having the "most complex (*slozhnyy*) social-economic conditions," with another 149 included in category 2 as being at risk of worsening social-economic conditions.⁵¹ Those conditions are determined by such factors as the amount of actual or planned layoffs, the level of registered unemployment, and whether the local population judges the social-economic situation to be unfavorable (*neblagopoluchnaya*) "according to sociological surveys conducted by the Federal Protective Service" (FSO).⁵² This last point was a further indication of the government's trepidation, as the entity put in

45. I. I. Il'ina, "Strategiia modernizatsii monogorodov Rossii," in A. V. Turkov, ed., *Razvitie monopol'nykh naselennykh punktov v Rossiiskoi Federatsii* (Moscow, 2012).

46. Zamyatina and Pilyasov, *Innovatsionnyi poisk v monopol'nykh gorodakh*.

47. For an in-depth look at how such variation can impact the likelihood of protest, see Allison D. Evans, "Protest Patterns in Provincial Russia: A Paired Comparison of Company Towns," *Studies in Comparative International Development*, 51 (2016), 456–81.

48. Zubarevich, *Regiony Rossii: Neravenstvo, krizis, modernizatsiia*, 86.

49. "The Challenge of Russia's Montowns," 24.

50. Simon Commander, Zlatko Nikoloski, and Alexander Plekhanov, "Employment Concentration and Resource Allocation: One-Company Towns in Russia," *IZA Discussion Paper*, no. No. 6034 (October 2011): 10.

51. Pravitel'stvo Rossii, "O kriteriiakh otneseniia munitsipal'nykh obrazovaniia k monogorodam i o kategoriiakh monogorodov v zavisimosti ot riskov ukhudsheniia ikh sotsial'noekonomicheskogo polozheniia," July 31, 2014, at <http://m.government.ru/docs/14049> (accessed May 8, 2020).

52. Pravitel'stvo Rossii, "O kriteriiakh otneseniia," pp. 4–5.

charge of monitoring those conditions was not the Ministry of the Economy or the Ministry of Regional Development, but rather the FSO, an organization that is the successor to the KGB's ninth directorate and charged with guarding Kremlin officials.⁵³

Though the monotowns receded as a central focus of attention as the economy recovered after 2009, they reappeared again in 2014 with the drop in world oil prices. In April of that year, an official Kremlin session to discuss the problem of the monotowns was held in Petrozavodsk. Putin opened the session by stating that “today we have an important and very sensitive issue, a well-known and, I would even say, a painful one: the monotowns.” While the cameras rolled, with Deripaska visibly seated directly across from Putin, the president acknowledged the scale of the problem. He added: “We well understand that. . . when the well-being of people depends on one or two city-forming enterprises, the situation is very dangerous, very dangerous.”⁵⁴ As the latest crisis continued, the official government categorization of monotowns according to their risk was increasingly referred to by colors (green, yellow, and red), and commentators, including government officials, referred to the worst-off monotowns as the “red hundred.”⁵⁵

By 2015, the Russian press began to refer to the monotowns as “social dynamite.”⁵⁶ In December 2016, the FSO reported that 60% of monotown inhabitants found their conditions to be either unbearable or “bearable with difficulty.”⁵⁷ By 2017, Russia's Audit Chamber stated that the proportion had increased to 70% of monotown inhabitants.⁵⁸ Sergei Mykhortov, a mid-level tycoon who became the (unpaid) mayor of the city of Novoaltai in Altai oblast, attended a government-sponsored meeting of officials from Russia's monotowns. Hearing stories from elsewhere he realized his town was not so bad off. “There are monotowns with a yearly budget of 21 million rubles [\$356,000 in 2017]. You wouldn't believe it. I myself was in shock.” He added, “a yearly budget of 30–40 million rubles [\$500,000 to \$673,000] is far from rare. There are many towns where it is extremely difficult to live.”⁵⁹

53. For a short description of the FSO, see Sinelschikova, “‘Putin's People:’ The Mysterious Agency that guards the President's Life,” *Russia Beyond*, June 1, 2018, at https://www.rbth.com/politics_and_society/2016/06/01/putins-people-the-mysterious-agency-that-guards-the-presidents-life_599181 (accessed April 6, 2020).

54. “Soveshchanie po voprosam stabil'nogo razvitiia monogorodov,” *Prezident Rossii*, April 28, 2014, at <http://kremlin.ru/events/president/news/20873> (accessed May 8, 2020).

55. Ol'ga Solov'eva, “Zhitelei monogorodov prevratiat v predprinimatelei,” *Nezavisimaia Gazeta*, March 2, 2017, at http://www.ng.ru/economics/2017-03-01/1_6939_shuvalov.html (accessed April 6, 2020).

56. Ol'ga Solov'eva, “FSO i profsoiuzy pomogaiut sledit' za sotsial'nym dinamitom,” *Nezavisimaia Gazeta*, December 16, 2015, at http://www.ng.ru/economics/2015-12-16/4_fso.html (no longer available).

57. Iana Miliukova, “FSO zafiksirovala ukhudshenie situatsii v monogorodakh,” *RBC*, May 17, 2016, at <http://www.rbc.ru/economics/17/05/2016/573b493e9a7947a4eefec46b> (accessed April 6, 2020).

58. Yelena Malysheva, “Krizis okhvatil monogoroda,” *Gazeta.ru*, May 18, 2017, at <https://www.gazeta.ru/business/2017/05/18/10679105.shtml> (accessed April 6, 2020).

59. Sergei Tepliakov, “Sergei Mukhortov: ‘Ia ne ponimal, naskol'ko eto neprosto—sovmeshchat' biznes i politiku,’” *Kapitalist: Zhurnal o biznese*, February 5, 2016, at <http://>

Needless to say, such concerns refocused the government's attention to the problem. In addition to monitoring the conditions in Russia's monotowns, various ministries have been actively involved in various plans for their survival and further development. In 2014, the government created an official Fund for Monotown Development, with a number of government and quasi-government entities listed as partners, including two of the largest state-owned banks: Vneshekonombank (said to be the most active supporter) and Sberbank.⁶⁰

The government's earlier efforts were aimed at bailing out the most troubled monotowns and—especially through the oil boom years—at directing overt or implicit subsidies to keep the “city-forming enterprise” operating. This led to criticism from the World Bank and others that Russian officials should avoid arrangements that “encourage subsidies on nonviable enterprises in lagging regions.”⁶¹ Unless the investments were driven by market incentives, it was argued, efforts to modernize the monotown industries, or even to create new ones in towns with few prospects “risk repeating the errors that created the monotowns in the first place.”⁶² Further questions were raised over the costs, especially over the long-term, of trying to modernize, or simply revive, the central industry in various monotowns.

With these constraints in mind, the government has established various programs aimed at creating new sources of jobs beyond the “city-forming” industries. Such an approach mimics what David Harvey has described as a shift in urban planning strategy elsewhere from “managerialism” to “entrepreneurialism.”⁶³ For example, one Russian program encouraged monotown governments to apply for competitive grants based on projects for economic development. Some have proposed turning certain monotowns into tourist centers, for instance, pointing to the experience of places like Dawson, Canada, known from the days of the gold rush through the novels of Jack London, which transformed itself from a virtual ghost town into a “thematic tourist attraction.”⁶⁴ Yet it is hard to envision more than a few Siberian monotowns successfully marketing themselves as tourist sites to commemorate, say, former Gulag camps or the heroic labor of the Soviet era.

Many proposals aimed at taking advantage of the existing infrastructure and workforce to create industrial parks or special economic zones (TOR or TOSER in the Russian acronym). Originally proposed to spur investment in Russia's Far East, TORs provide tax breaks and other inducements for capital investment in a given zone. Yet the World Bank argues that for such zones to be

kapitalist.tv/2016/02/05/sergey-mukhortov-ya-ne-ponimal-naskol/ (accessed April 6, 2020).

60. “Fonda Razvitiia Monogorodov,” at <http://www.frmrus.ru/> (accessed April 6, 2020); Solov'eva, “FSO i profsoiuzy pomogaiut sledit' za sotsial'nym dinamitom.”

61. World Bank, “Russia: Reshaping Economic Geography,” 18.

62. *Ibid.*, 12.

63. David Harvey, “From Managerialism to Entrepreneurialism: The Transformation in Urban Governance in Late Capitalism,” *Geografiska Annaler. Series B, Human Geography* 71, no. 1, special issue on The Roots of Geographical Change: 1973 to the Present (1989): 3–17, <https://doi.org/10.2307/490503> (accessed April 6, 2020).

64. Zamyatina and Pilyasov, “Single-Industry Towns of Russia: Lock-In and Drivers of Innovative Search,” *Foresight and STI Governance* 10, no. 3 (2016): 60.

successful, they need to be near existing economic agglomerations, a problem almost by definition for most monotowns. Hence, in Russia's experience "zones in underdeveloped regions with generally poorer infrastructure and thin labor markets have contributed to a low return on investment."⁶⁵ Besides the geographical disadvantage such zones face, Russia's TORs miss the economic logic behind such zones elsewhere, which were geared toward producing competitive exports rather than boosting employment through production for the domestic market.⁶⁶

By 2019, the government was sending contradictory signals about the success of the Fund's efforts. In August, Vesti.ru headlined a report in dramatic language: "Dying Soviet 'Monotowns' to Be Repurposed! The Era of Bleak Industrial Rust Cities is Over!" The reporting, based on a segment broadcast on the state channel Rossiya-24, said that from 2016–18 the government's monotown program led to the creation of sixty-five TORs, which received a ten-year holiday on property and federal profit tax among other incentives, and zero-interest loans were available for other projects. As a result, the program generated over 400,000 "permanent and temporary jobs."⁶⁷ Indeed, officials were hinting that the program had been so successful that the official list of over 300 monotowns might soon be cut in half. Cherepovets, home to the metal giant Severstal, was held up as an example of the first monotown to be removed from the list.

Yet, in contrast to the spin of Vesti and others, the Audit Chamber raised scathing allegations about the monotown program. The Chamber reported that the government was compelled to prepare a new program for monotowns, since "the previous one, designed for 2016–2025, was recognized as ineffective and terminated ahead of schedule." The auditors found that the subsidies did not have a significant impact on monotown development, and the program "had failed to achieve its primary goal: to improve the quality of life for monotown dwellers."⁶⁸

Underscoring the diversity within the monotown label, the Audit Chamber found that the program actually did have an impact on certain monotowns,

65. World Bank, "Russia: Reshaping Economic Geography," 106; Natalia Zubarevich, "Geopolitical Priorities in Russia's Regional Policies: Opportunities and Risks," *Russian Politics & Law* 53, no. 5–6, special issue on The Impact of Russia's Authoritarian Turn on Society (September–October 2015): 51, <https://doi.org/10.1080/10611940.2015.1146060> (accessed April 6, 2020).

66. Vladislav Inozemtsev, "Russia's Economic Modernization: The Causes of a Failure," *Notes de l'Ifri: Russie.Nei.Visions*, no. 96 (September 2016).

67. "Dying Soviet 'Monotowns' to Be Repurposed! The Era of Bleak Industrial Rust Cities Is Over!," *Vesti.ru*, August 9, 2019, at <https://www.vesti.ru/doc.html?id=3176985&cid=4441> (accessed April 6, 2020). The ratio of temporary to permanent jobs was left unstated. However, at least one government promise had been fulfilled: in 2011 then-Prime Minister Putin proclaimed that 200,000 new jobs would be created in monotowns by 2015. "Putin ozhidaet znachitel'nogo snizheniia urovnia bezrabotitsy k godu 2015," *Izvestiia*, January 12, 2011, at <http://izvestia.ru/news/483926> (accessed April 6, 2020).

68. "Schetnaia Palata: Depressivnye monogoroda ne poluchali subsidii ot gosprogrammy s 2016 goda," TASS, July 29, 2019, at <https://tass.ru/ekonomika/6713799> (accessed May 8, 2020). For previous criticism from the Audit Chamber, see Solov'eva, "Zhitel'ei monogorodov prevratiat v predprinimatelei"; Elena Malysheva, "Krizis okhvatil monogoroda."

just on the wrong ones: rather than targeted towards the “red hundred” or most depressed monotowns, funds went to monotowns that were better positioned and already more diversified. For instance, while officials touted the success of Cherepovets, critics asked why the city, dominated by Severstal—whose owner, Aleskei Mordashov, was one of Russia’s wealthiest men—had received 800 million rubles (\$13 million) in federal funds due to its designation as a monotown. As with the Audit Chamber’s allegations, others argued that the monotown list was subject to “manipulation” and that it “mostly resembles the strength of regional lobbyists.”⁶⁹ Such concerns perhaps best explain the plans to cut the official monotown list roughly in half, to about 150 cities and towns.

The government’s monotown program appeared ineffective not only because the subsidies were misdirected, but because the explicit federal funding was fairly paltry: from 2014–2018 it amounted to roughly 25 billion rubles (\$400 million). Yet as First Deputy Prime Minister Igor Shuvalov described the Fund’s plans, the federal subsidies were intended to be matched by a much greater amount of private investment.⁷⁰ This also proved ineffective, however. Regarding the Fund’s aim to create jobs by attracting private investment to depressed regions, economist Kirill Parfenov argued that “on the one hand, this ambitious plan . . . is a frank admission of the impossibility of continuing direct support [for monotowns], and on the other hand it’s an attempt to find a way out of a catastrophic situation.” He called the plan largely “utopian.”⁷¹ Nataliya Zubarevich, arguably the leading expert on Russia’s regions, used a more colorful metaphor to question the government’s hopes that private investors would solve the problem: “In a country with a disastrous investment climate, the last place to invest money will be monotowns lacking attractive industrial assets. Here’s my question: Why would you choose a one-eyed, squint-eyed bride, when you can have a cute and long-legged one?”⁷²

Global Cities and the Challenge of Migration

In the view of liberal economists including those at the World Bank, investing scarce government funds and capital to create jobs in depressed and isolated regions is ineffective and wasteful. According to the Bank, “place-based interventions such as providing subsidies to failing enterprises and local populations. . .perpetuate immobility, tying labor to a location where it is unproductive,” acting as a drain on public resources. “The costs of keeping labor in the wrong locations” include lower productivity, reduced GDP, and

69. Kirill Iankov, “Monogoroda s problemami i bez,” *Vedomosti*, November 19, 2019, at <https://www.vedomosti.ru/opinion/articles/2019/11/20/816677-monogoroda-problemami> (accessed April 6, 2020).

70. “Strategiia razvitiia nekommercheskoi organizatsii do 2020 g.,” Fond razvitiia monogorodov, <http://www.frmrus.ru/>, accessed 8/16/2018 (no longer available).

71. Solov’eva, “Zhitel’i monogorodov prevratiat v predprinimatelei”; Malysheva, “Krizis okhvatil monogoroda.”

72. Cited in Malysheva, “Krizis okhvatil monogoroda.”

slower growth.⁷³ “The alternative,” according to the Bank, “is to help people migrate from areas of low economic opportunity to areas of rising opportunity and in so doing prevent the fossilization of the economy.” Further, “to become a dynamic economy, Russia will have to be more flexible—to constantly move human resources and productive capital from low-value to high-value opportunities. This usually entails shifts of labor and capital from declining regions to expanding regions.”⁷⁴ Indeed, the Bank argues rather emphatically that Russia requires a “structural transformation” so that the country “can shift its economic base from over-reliance on natural resources toward productive manufacturing and services,” but this “cannot take place without a facilitating geographic transformation through increased mobility of labor.”⁷⁵

Foreign advisers are not the only ones advancing such arguments. Kudrin argues that since global megapolises are now the drivers of economic growth worldwide, Russia should concentrate on developing a handful of its largest cities, beyond the existing centers of Moscow and St. Petersburg. His Center for Strategic Research developed a policy stratagem along these lines, said to have been “prepared on behalf of the Russian president.” In an article entitled “Cities Instead of Oil,” Kudrin argued that while the structure of Russia’s urban geography was laid down largely in the Soviet period, the situation actually worsened during the boom years of 2000–08. Then economic growth fueled by rising oil prices meant that the overall contribution of cities to the country’s economy actually declined. “The urban economy was not the driver of the country’s economic development, but the main recipient of the income from oil growth.”⁷⁶

Currently Moscow and St. Petersburg are Russia’s only “global cities,” with the rest of Russia’s cities “barely noticeable on the map of the world.” Russia’s two largest cities account for more than 25% of the country’s GDP, whereas in the US the corresponding number is 13% and the west Europe average is 9%. Meanwhile, cities with populations greater than 100,000 produce 84% of GDP in the US, and 64% in western Europe, while in Russia they account for only 55%, which is also substantially less than that in China (78%) and Latin America (76%) (see [figure 3](#)). This, Kudrin contends, “is a huge gap, from which arises the sad and cynical mantra that it’s impossible to secure a good quality of life outside the Moscow Ring Road.”⁷⁷ Without a change in policy, Kudrin claims that by 2035, Moscow and St. Petersburg will account for 40% of Russia’s GDP ([Figure 3](#)).⁷⁸

73. World Bank, “Russia: Reshaping Economic Geography,” 12, 34.

74. *Ibid.*, 18, 34.

75. *Ibid.*, 17.

76. Aleksei Kudrin, “Goroda vmesto nefi,” *Vedomosti*, July 19, 2017, at <https://www.vedomosti.ru/opinion/articles/2017/07/20/724744-goroda-nefti> (accessed April 6, 2020); Tsentr strategicheskikh razrabotok, “Tekhnologii umnogo goroda v Rossiiskikh gorodakh: Prioritetnye napravleniia vnedreniia” (Moscow, June 2018).

77. Kudrin, “Goroda vmesto nefi.”

78. “Kudrin: Moskva i Sankt-Peterburg k 2035 godu sostaviat 40% VVP Rossii,” *Gazeta.ru*, July 17, 2018, at https://www.gazeta.ru/business/news/2018/07/17/n_11800609.shtml (accessed April 6, 2020).

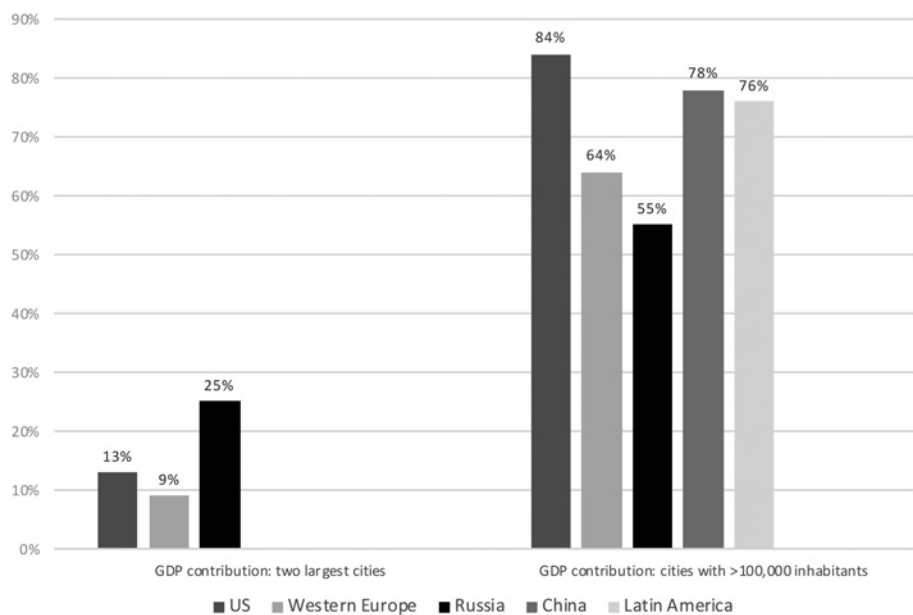


Figure 3. GDP Contribution by City Size

The key to avoiding such a trap is to focus investment in other major cities. Sounding as if it could have come from the writings of Richard Florida, the first of the “Five Theses of Aleksei Kudrin’s Regional Policy” states: “Major cities are the centers of the chief factors of growth in the new economy. Large cities bring together all of the factors that create value-added in the modern economy: intellectual potential, culture, art, information, design.”⁷⁹

In sharp contrast to policies that would attempt to invest in and diversify Russia’s hundreds of monotowns, Kudrin’s plan would concentrate attention and resources on the country’s most densely populated agglomerations, that is the roughly dozen urban centers that number a million or more in population. Doing so will boost economic growth by connecting infrastructure and intellectual potential, and allowing business and the population to become more mobile. The goal is to create “smart cities” able to join the digital economy.⁸⁰ Other urban centers might be included, such as “multisectoral regional centers,” a phrase that would appear to have been deliberately chosen to exclude monotowns.⁸¹

While such pronouncements might have appeared to be one more rhetorical attempt by the liberal side of Russia’s establishment to influence policy, these arguments clearly found a sympathetic listener in Putin. In his

79. “Piat’ tezisev Alekseia Kudrina o regional’noi politike,” *Tsentr strategicheskikh razrabotok (TsSR)*, at <https://www.csr.ru/ru/news/pyat-tezisev-alekseya-kudrina-o-regionalnoj-politike/> (accessed April 6, 2020).

80. *Tsentr strategicheskikh razrabotok*, “Tekhnologii umnogo goroda v Rossiiskikh gorodakh: Prioritetnye napravleniia vnedreniia.”

81. Kudrin, “Goroda vmesto nefi.”

annual Address to the Federal Assembly in 2018, the President explicitly stated that “it is important that urban development becomes the driving force for the entire country,” a statement that was repeated prominently in his campaign for reelection as President in 2018.⁸² Following the election, the Russian government approved a 115-page “Strategy for Spatial Development Through 2025,” which envisions eighteen cities (besides Moscow and St. Petersburg) as “prospective centers of economic growth,” most with the potential to become “world class centers of science and education.”⁸³ This strategy fits with the government’s six-year infrastructure plan, where the bulk of investment is weighted towards building high-speed transportation links between such large urban centers.⁸⁴

As noted, such thinking fits well with much current academic and popular discourse about the centrality of urban centers as drivers of economic growth. Such an approach, were it fully implemented, would be a substantial transformation indeed. For one thing, even if state investment was directed to the forty largest urban areas (rather than just the top twenty), that would leave roughly half of Russia’s population behind. As the columnist Leonid Bershidsky pointed out, regions that lack transport corridors, centers of economic growth, or zones of geopolitical importance will suffer increasing neglect.⁸⁵ The World Bank acknowledged why Russian leaders have so far been hesitant to adopt the Bank’s proposals:

Russian policymakers worry that emerging production will concentrate in some places of high economic opportunity and leave many workers trapped in less favored places. They worry that this will concentrate much of the nation’s wealth in a few cities and regions while leaving others with disproportionately high poverty. Even if this situation were temporary, this would be unfair and is unacceptable to many.⁸⁶

The World Bank’s logic, as well as Kudrin’s and the Russian government’s proposals—aiming to make the population more mobile—would suggest relocation as the preferred solution for the most troubled monotowns. Given Russia’s demographic dilemma—a shrinking population, especially of working-age adults—a simple solution would appear to be transferring labor from less productive jobs and regions to more productive ones. This was of course the answer for many Americans, who moved from rust belt cities to jobs in the Sun Belt. Yet the American experience, where the average family

82. “Razvitie gorodov dolzhno stat’ dvizhushchei siloi dlia strany, zaiavil Putin.” However, within days his campaign website revised the statement, promising to make sure that small cities and villages had access to all necessary goods and services: “Razvitie gorodov dolzhno stat’ dvizhushchei siloi dlia vsei strany.”

83. Pravitel’ svo Rossiiskoi Federatsii, “Stratagiia prostranstvennogo razvitiia.”

84. Pravitel’ svo Rossiiskoi Federatsii, “Kompleksnogo plana modernizatsii i rasshireniiia magistral’ noi infrastruktury na period do 2024 goda,” September 30, 2018, at <http://government.ru/docs/34297/> (accessed April 6, 2020); Leonid Bershidsky, “Putin Turns Swathes of Russia Into Flyover Country,” *Bloomberg*, March 7, 2019, at <https://www.bloomberg.com/opinion/articles/2019-03-07/putin-s-development-plan-picks-favorites-among-russian-regions> (accessed May 22, 2020).

85. Bershidsky, “Putin Turns Swathes of Russia.”

86. World Bank, “Russia: Reshaping Economic Geography,” 112.

is said to move six to seven times over a lifetime, is exceptional; in Europe the average is twice, and in Russia even less.⁸⁷

To be sure, there has been substantial migration in Russia, particularly in the 1990s and especially from the most inhospitable regions in the Far North and Siberia, when Soviet-era incentives for living there were reduced or eliminated altogether.⁸⁸ Yet significant outmigration from the most inhospitable locations slowed around 1999 with the economic recovery.⁸⁹ Overall, while more than three million Russians moved from one region to another in 1995, a decade later only 1.5 million had done so.⁹⁰

Russian workers, including monotown residents, are quite flexible; labor turnover in Russia is fairly high. Migration within and between regions certainly does occur; while the data are imprecise, a comparison of the 2010 census with recent estimates from the official statistical agency Rosstat shows a clear decline of population in many small to medium sized cities, and considerable population gains in Moscow, St. Petersburg, and other large cities.⁹¹ As Jeremy Morris's fieldwork suggests, labor turnover not only takes place in major metropolitan areas but also in monotowns, as workers seek to make such localities "habitable" by eking out a living in the informal sector when the pay or work conditions in the town's city-forming enterprise becomes less than tolerable.⁹² In many cases, a family's major breadwinner travels for work, either daily or in a longer-term shift, even as the family unit maintains its primary residence in a monotown. Such temporary labor migration is easier for residents in monotowns close to other urban centers, again underscoring the diversity of situations across different monotowns. Beyond monotowns themselves, there is a general shift in the younger population from small villages and towns to regional centers (if not Moscow and St. Petersburg) for university or work.

Yet overall inter-regional labor mobility in Russia remains low. This is puzzling, especially when one considers that Russia suffers from an extremely high level of inequality between regions in terms of wages, living standards,

87. Zubarevich, *Regiony Rossii: Neravenstvo, krizis, modernizatsiia*. Such estimates vary considerably, though they all point to substantial differences between the US and Russia. The World Bank claims that the average American moves twelve times in his or her lifetime, whereas the average Russian moves only twice. According to Gaddy and Ickes, Russia's internal migration rate is about 1.2 percent, compared with over 5 percent in the US and Canada. World Bank, "Russia: Reshaping Economic Geography"; Gaddy and Ickes, *Bear Traps on Russia's Road to Modernization*, 56.

88. Mikhailova, "Where Russians Should Live," 39; Timothy Heleniak, "Out-Migration and Depopulation of the Russian North during the 1990s," *Post-Soviet Geography and Economics* 40, no. 3 (1999): 155–205, <https://doi.org/10.1080/10889388.1999.10641111>.

89. Gaddy and Ickes, *Bear Traps on Russia's Road to Modernization*, 55–56.

90. World Bank, "Russia: Reshaping Economic Geography," 25; Yuri Andrienko and Sergei Guriev, "Determinants of Interregional Mobility in Russia," *Economics of Transition* 12, no. 1 (2004): 1–27.

91. "Chislennost' naseleniia Rossiiskoi Federatsii po munitsipal'nym obrazovaniiam," Federal'naia sluzhba gosudarstvennoi statistiki, at <https://www.gks.ru/folder/11110/document/13282?print=1> (accessed April 6, 2020); "Itogi Vserossiiskoi perepisi naseleniia 2010 goda," Federal'naia sluzhba gosudarstvennoi statistiki, at http://www.gks.ru/free_doc/new_site/perepis2010/croc/perepis_itogi1612.htm (accessed April 6, 2020).

92. Morris, *Everyday Post-Socialism*.

social benefits, and overall quality of life.⁹³ The Russian experience also stands in sharp contrast to many postcommunist countries in east-central Europe, where many workers took advantage of the EU's provisions for the free mobility of labor to relocate to countries with higher wages and more dynamic economies.⁹⁴ There are several reasons for Russia's low level of inter-regional migration. Part of the obstacle is cultural, since Soviet workplaces were not only places of work but often paternalistic enterprises providing for much of life's needs, and a "labor collective" that was almost a second family.⁹⁵ Yet the barriers are also structural and institutional. Russia's vast space increases the cost of searching for jobs, and of transportation and relocation.⁹⁶ There is a lack of a dynamic labor market in many regions. One of the consequences of an economy with a heavy reliance on oil and gas production is that while the economic return can be high, the number of jobs created is quite low.⁹⁷ There is limited available housing, and citizens in depressed regions can find themselves in a poverty trap, unable among other things to find buyers for their apartments in impoverished urban centers.⁹⁸ While in the past wage arrears and the lack of available credit and mortgage markets were a hindrance, currently many poorer families are immobilized by debt.

Some in Russia and elsewhere have called for such radical solutions as the "liquidation or so-called 'controlled shrinking' of a town."⁹⁹ The World Bank contends that the government should "manag[e] the decline of settlements in remote regions that have lost their dominant industry and cannot be restructured." In these cases, it is argued, the government should facilitate the migration of younger and more able workers to regions with greater opportunities by such steps as paying any wage arrears and "compensating for abandoned accommodation," while also maintaining "adequate basic services for those unable or unwilling to move."¹⁰⁰

Thus, for the Bank, "the overriding goal of reform is to create conditions *so that labor can redistribute itself* in line with emerging regional economic advantages rather than be trapped in lagging areas."¹⁰¹ Yet the talk of "labor

93. Remington, *The Politics of Inequality in Russia*.

94. Guglielmo Meardi, *Social Failures of EU Enlargement: A Case of Workers Voting with Their Feet* (London, 2012).

95. Sarah Ashwin, *Russian Workers: The Anatomy of Patience* (Manchester, 1999). According to a local housing official, explaining why people remained despite the dramatic loss of jobs in AvtoVAZ, the town's city-forming enterprise: "over the years, people in Tol'iatti have acquired comfortable apartments." Maksim Tovkailo, Anatoly Tyomkin, and Katya Nazarova, "AvtoVAZ Workers Offered Chance to Move," *The Moscow Times*, January 29, 2010, <http://www.themoscowtimes.com/sitemap/free/2010/1/article/avtovaz-workers-offered-chance-to-move/398474.html>. Accessed 09/07/2014.

96. World Bank, "Russia: Reshaping Economic Geography," 36.

97. Commander, Nikoloski, and Plekhanov, "Employment Concentration and Resource Allocation."

98. Andrienko and Guriev, "Determinants of Interregional Mobility in Russia."

99. Zamyatina and Pilyasov, "Single-Industry Towns of Russia," 59. The authors argue, however, that "It is precisely the local community, and not abstract indicators, that determines the destiny of single-industry territories, including making radical decisions" for their future.

100. World Bank, "Russia: Reshaping Economic Geography," 118.

101. World Bank, "Russia : Reshaping Economic Geography," 26, 114, emphasis added.

redistributing itself” treats Russia’s population as if it were just another factor of production, or as if the life choices of the Russian people are shaped by economic incentives alone.

A similar if slightly less economic perspective is taken by some of Russia’s top researchers into the phenomena of Russian monotowns. Zamyatina and Pilyasov argue that often several generations of a family have lived in a monotown and worked in its core enterprise.¹⁰² Following Mark Granovetter, they speak of the population’s “cultural embeddedness” in the local economy, leading to various “lock-in effects.”¹⁰³ They argue:

The greatest challenges generally lie in overcoming *cognitive barriers*. These are primarily dependency mentalities fostered by a long experience of living in a context of social guarantees offered by a backbone enterprise during its prosperity phase. Such a mentality, on the one hand, stifles individual initiative, in particular that of small business. On the other hand, it decreases the perceived value of activities outside the single-industry town’s specialization.¹⁰⁴

They argue further that monotown residents “are not usually keen to move to more dynamically developing regions” or even to “support obvious ways to overcome social tensions,” such as accepting offers of work in nearby towns to offset downsizing in their city-forming enterprise.¹⁰⁵

Whether or not one considers it the result of “cognitive barriers” and “dependence mentalities,” there is a clear resistance among many monotown dwellers to relocate, a resistance that can seem puzzling to outsiders (perhaps especially to peripatetic Americans), given the challenging economic prospects in many such cities and towns. Simply put, many people have become attached to place, even to places that few others would consider “habitable.”¹⁰⁶ Indeed, the notion of cultural embeddedness suggests that the very preferences of individuals can be profoundly shaped over time by their cultural milieu.

Even in Russia’s Far North, where conditions are often quite bleak, research has shown that outmigration slowed dramatically after the 1990s not only due to changing economic conditions, but also because of the social capital invested in place, the lack of clear alternatives, and the “psychic costs” of migration that often outweighed what others might view as simple cost/benefit calculations.¹⁰⁷ In a study entitled “How the North Became Home: Attachment

102. Zamyatina and Pilyasov, “Single-Industry Towns of Russia.”

103. Mark Granovetter, “Economic Action and Social Structure: The Problem of Embeddedness,” *The American Journal of Sociology* 91, no. 3 (November 1985): 481–510.

104. Zamyatina and Pilyasov, “Single-Industry Towns of Russia,” 56, original emphasis.

105. Zamyatina and Pilyasov, 57. Zamyatina and Pilyasov’s contention that “cognitive barriers” and “dependence mentalities” are the main impediment to resolving the challenge of Russia’s monotowns undercuts their earlier argument that any solution must be driven by the interests and concerns of residents themselves. Moreover, their research also points out that paradoxically the most isolated monotowns can become the most innovative, since they have little alternative. Zamyatina and Pilyasov, 57–58.

106. Morris, *Everyday Post-Socialism*.

107. Megan Dixon and Jessica Graybill, “Uncertainty in the Urban Form: Post-Soviet Cities Today,” in Edward C. Holland and Matthew Derrick, eds., *Questioning Post-Soviet* (Washington, D.C., 2016), 24.

to Place among Industrial Migrants in the Murmansk Region of Russia,” Alla Bolotova and Florian Stammler find such attachment even among people living in industrial towns above the Arctic Circle. They describe a “process whereby an environment that is seen as ‘harsh,’ or ‘hostile’ by outsiders, and cities that are often considered neither beautiful nor worth living in, have become home.”¹⁰⁸ Such rootedness and attachment to place are undervalued by the World Bank and the Russian government in their relocation efforts, since, as Bolotova and Stammler argue, “social, cultural, and other non-material variables” can “overrule even material incentives for relocation.”¹⁰⁹

The challenge exists even for the Far North’s many small villages. As Paul Goble has written, the Russian government lacks the funds to continue to subsidize people living in isolated villages in the Far North, “but it also lacks the money that would be needed to shut down these settlements and move their residents to cities.”¹¹⁰ Yet, Goble argues, even if the government had the funds for relocation, it would still have to handle “the opposition it would face from the villagers if it were to try,” since “a significant share of the population of these villages has little or no interest in moving away from where they call home.”¹¹¹

Even in environmentally challenging and indeed toxic towns such as Asbest—whose very name proclaims its main product—residents retain their attachment. Female pensioners in Asbest are proud not only of working in the city’s main plant for forty years, but declare that “we built this city with our hands.” Working age men might complain about “this hick town” where “life sucks [*zhivut khrenovo*],” but they still find it habitable enough that they remain. Even young mothers pushing strollers (who might most be concerned about the city’s conditions) explain that “We’ve lived in St. Petersburg, Yekaterinburg, but our city still pulls us in.”¹¹²

108. Ironically, it appears that the very harshness of such locations can over time create a strong sense of community, and of mutual reliance and bonding with fellow residents. Alla Bolotova and Florian Stammler, “How the North Became Home: Attachment to Place among Industrial Migrants in the Murmansk Region of Russia,” in Lee Huskey and Chris Southcott, eds., *Migration in the Circumpolar North: Issues and Contexts* (Edmonton, 2010) 193–220. See also Bolotova, Anastasia Karaseva, and Valeria Vasilyeva, “Mobility and Sense of Place among Youth in the Russian Arctic,” *Siberica: Interdisciplinary Journal of Siberian Studies* 16, no. 3 (Winter 2017): 77–123.

109. As a result, relocation programs, initiated by the World Bank and carried out by the Russian government, have proven largely ineffective. Such programs have targeted “surplus populations,” that is, pensioners and non-working residents, with the ultimate goal of leaving behind only those engaged in profitable economic activity. However, whereas retirees in northern regions of the US often seek to move to Florida, in the Russian case pensioners in Arctic industrial towns have done just the opposite: a significant number would take the government’s housing incentive and purchase a dwelling in the south of Russia, but transfer it to one of their offspring, and themselves remain in the Far North. Bolotova and Stammler, “How the North Became Home.”

110. Paul Goble, “Moscow Can’t Afford to Support Russia’s Villages or to Shut Them Down,” *Window on Eurasia—New Series*, January 17, 2017, at <http://windowoneurasia2.blogspot.com/2017/01/moscow-cant-afford-to-support-russias.html> (accessed April 6, 2020).

111. Goble, “Moscow Can’t Afford to Support Russia’s Villages or to Shut Them Down.”

112. The quotations are taken from the website “Invisible Cities,” which contains oddly beautiful pictures of a number of Russian monotowns, as well as some insightful

One can find such attachment to place even in Norilsk, known as the northernmost city in the world and home to Norilsk Nickel, said to be the world's largest mining and metallurgy complex. Norilsk is also known as one of the world's most polluted places, and has such brutal environmental and living conditions that life expectancy is ten years shorter than elsewhere in Russia.¹¹³ Yet many in the city of 177,000, even those not employed in the plant, claim to love living there.¹¹⁴ Thus while Norilsk Nickel seeks to retain skilled workers in order to maintain production levels, it also struggles to convince pensioners and others not employed by the firm to leave the city permanently. In short, while economic logic might suggest reducing support for inefficient and isolated industries, increasing incentives to migrate elsewhere, and seeking the "controlled shrinkage" if not outright closure of the country's most troubled monotowns, such policies would create resistance, as Russia's leaders are no doubt aware, and quite likely overt conflict.

Russia's monotowns—one-industry towns left over from the Soviet era—create a significant challenge for Russia's political leadership. They form one part of Russia's industrial inheritance from Soviet planners, which includes large enterprises centered in many small-to-medium-sized cities, dispersed across Russia's vast territory, often located in harsh climates. Many are unprofitable, and even those that are better positioned are vulnerable to economic shocks and volatility in global commodity prices. Further, entire towns are dependent on the continued operation of these enterprises. Moreover, the monotowns form only part of a larger problem of managing Russia's deindustrialization.

The problem of Russia's monotowns came to the fore with the 2008–09 global economic crisis, when fear of a new "Novocherkassk" workers' rebellion seemed to come to life in the town of Pikalyovo, where Putin personally intervened to resolve the crisis. Further crises were avoided, but only through administrative measures and costly subsidies to prevent mass layoffs and plant closures.

While the worst fears of monotowns being a Russian "time bomb" now appear to have been exaggerated, the problems are chronic, and government officials speak of the "Red Hundred" of the most troubled monotowns. Official plans for supporting the monotowns, which entail both massive job creation and inducements for private investment, have been called utopian by critics. Yet the proposals of liberal economists and others for reducing subsidies, encouraging outmigration, and allowing for the "controlled shrinkage" of

commentary from the residents themselves. "Asbest The Best," *Nevidimye goroda*, at <http://monogoroda.com/asbest-the-best/> (accessed April 6, 2020). Interestingly, the very same language is used by Bolotova and Stammer's informants in describing their attachment to towns in the Far North: "We built this city," and the North "pulls us in" (*sever tyanet*). Bolotova and Stammer, "How the North Became Home," 193, 200, 216.

113. Bryan Walsh, "Urban Wastelands: The World's 10 Most Polluted Places," *Time*, November 4, 2013, at <http://science.time.com/2013/11/04/urban-wastelands-the-worlds-10-most-polluted-places/slide/norilsk-russia/> (accessed April 6, 2020).

114. Emily Buder, "The Toxic City of Norilsk, Russia: 'My Deadly Beautiful City'—The Atlantic," *The Atlantic*, at <https://www.theatlantic.com/video/index/545228/my-deadly-beautiful-city-norilsk/> (accessed August 22, 2018, no longer available).

these company towns appear perhaps at least as unrealistic. In the long run, it may be true, as Bershidsky argues, that “the Grim Reaper is coming for the once-bustling little towns where people had moved from the villages. In a country with too much space and too few people, much of the territory is doomed to be a huge flyover zone.”¹¹⁵ Yet, given the resistance of residents to move—their “aggressive immobility”—such a process would need to happen very gradually, a pace that would undercut the goal of economic growth.¹¹⁶ Otherwise, such policies will almost inevitably lead to protest.

Indeed, the dilemma extends beyond geography and economics. The 2008 economic crisis not only brought Russia’s monotowns to the fore, it also marked a shift by the country’s leadership toward greater state control over the economy, more emphasis on the “social responsibility” of the oligarchs, and an increased populist turn towards nationalist and socially-conservative rhetoric and actions.¹¹⁷ When, partly in reaction to this shift, a protest wave arose in Moscow and St. Petersburg in 2011–12, said to be led by a cosmopolitan “creative class,” Putin sought to play up the state’s support for industry and its symbolic connection to the working class in Russia’s heartland. The most vivid episode occurred when Igor Kholmanskikh, foreman at the Ural Tractor Factory, pledged on one of Putin’s “direct-line” call-in shows that “If the militia. . . can’t handle [the protesters], then me and the boys are ready to come out and defend stability,” a scene that was widely repeated on Russia’s state media. Putin later appointed Kholmanskikh, despite his apparent lack of experience, as his “presidential representative” for the Urals region.¹¹⁸

The populism that can result from the conflicting interests between metropolitan centers and struggling industrial regions is not unique to Russia. As German sociologist Wolfgang Streeck reflects on the causes behind what he terms “Trumpism,” he notes:

among the structural cracks in contemporary societies in which Trumpism flourishes is a rapidly growing cleavage between cities and their deindustrialized, more or less rural, hinterland. Cities are the growth pole of postindustrial societies. They are international, cosmopolitan, and politically pro-immigration, in part because their success in global competition depends on their ability to attract talent from all over the world.

He adds, “geographical separation has deeply divisive cultural and political consequences.”¹¹⁹

115. Bershidsky, “Putin Turns Swathes of Russia Into Flyover Country.”

116. Greene, “Running to Stand Still.”

117. Konstantin Gaaze, “The Accidental Formation of Russia’s War Coalition,” Carnegie Moscow Center, at <http://carnegie.ru/commentary/71340> (accessed April 6, 2020).

118. “President Appoints Railway Car Building Plant’s Workshop Manager Presidential Envoy in Urals,” *ITAR-TASS*, May 21, 2012, at <http://en.itar-tass.com/russianpress/675842> (accessed April 6, 2020). Underscoring the regime’s dilemmas in maintaining legitimacy, Uralvagonzavod was subsequently faced with bankruptcy. “Al’fa-Bank podal isk o priznanii ‘Uralvagonzavoda’ bankrotom,” *Interfax.ru*, June 10, 2016, at <http://www.interfax.ru/business/512862> (accessed April 6, 2020).

119. Wolfgang Streeck, “Trump and the Trumpists,” *Inference: International Review of Science* 3, no. 1 (April 2017): 5, at <http://inference-review.com/article/trump-and-the-trumpists> (accessed April 6, 2020).

Interestingly, given this populist backlash, even some of the economically liberal international institutions are fundamentally revising their recommendations. For example, the OECD argues in a recent report that given “large and persistent inequalities in regional economic performance” in many regions of the world, there is a growing “need for place-based policies to address them.” The report makes the case that “place-based policies”—the very policies that the World Bank has argued strenuously against—“are especially important in light of growing public discontent with the economic, social and political status quo,” since “geographical patterns of public discontent are closely related to the degree of regional inequalities.”¹²⁰

Hence, while the Russian government may belatedly appear to be adopting western-backed market reforms with its new strategy to create global cities, Russia may find itself out of step once more. Then again, the logic of shifting resources towards a select few urban centers of economic growth may end up being less than persuasive to Russia’s powers-that-be, especially if such a path could increase public discontent and undermine state legitimacy. Indeed, such a strategy would entail placing a higher priority on economic efficiency, but at the risk of potentially undermining social stability, and ultimately political control. Yet slow economic growth and stagnant living standards, without a strategy to increase both, also entails a risk to social stability. Thus, the dilemma for a society with limited resources. Should it invest in the hopes of creating global cities in the future, or the realities of rust-belt communities struggling with the legacies of the past?

120. OECD, *OECD Regional Outlook 2019: Leveraging Megatrends for Cities and Rural Areas* (Paris, 2019), at <https://www.oecd-ilibrary.org/content/publication/9789264312838-en> (accessed April 6, 2020).