Economic disengagement in state-society relations in Russia: A regional perspective

Zuzanna BRUNARSKA

Abstract

This paper makes the first attempt to measure economic disengagement in state-society relations on a regional level, using the case of Russia. An original composite index was calculated based on a number of indicators measuring different spheres of contact between the state and society. The study examines regional diversity in intensity of economic disengagement in state-society relations in Russia. It also attempts to identify determinants of economic disengagement on a regional level. Seeking to identify regional level predictors of the intensity of disengagement, the study focuses on the specificity of the Russian space – its federal structure based on a combination of territorial and ethnic principles. The results show that economic disengagement is least intense in regions belonging to the Russian Far North, which points to the role of physical-geographical factors and path dependence. They also reveal that residents of ethnically-defined regions tend to be less economically disengaged than residents of oblasts and krais. Moreover, the share of ethnic Russians is positively related to economic disengagement in the former regions, while it is not significant in the latter. These findings potentially point to differences between ethnic Russians and members of titular groups in terms of their intensity of interaction with the state in the economic sphere.

Key words: economic disengagement, state-society relations, regional diversity, Russia

Article history: Received 19 June 2018, Accepted 8 November 2018, Published 31 December 2018

1. Introduction

Under state socialism, dependence on the state and its resources was an inherent part of the system (Shlapentokh, 1989). The dissolution of the USSR resulted in the emergence and development of practices which were banned or rationed under Soviet rule, such as emigration, employment in the private sector or the use of private providers of various services, e.g. in the field of education or health care. In the new era, private ownership has become sanctioned, many of the previously state-owned enterprises passed into private hands, and many others came into existence (Clarke and Kabalina, 1999). The state withdrew from some of the previously fully state-occupied spheres (Wegren, 2000), delegating some of its responsibilities to private actors. The state’s withdrawal and granting permission for the development of private initiatives led to people seeking non-public alternatives to meet some of their demands (Clarke, 2002). The state was no longer the sole provider of housing, jobs, and educational and health services. Given the previous state monopoly over those spheres, it seems justified to discuss the prevalence of private alternatives in terms of disengagement in state-society relations.

The concept of ‘disengagement in state-society relations’ concerns the intensity of interaction between society and the state and its institutions, where little or no interaction, or decreasing interaction, stands for disengagement (cf. Brunarska, 2015; 2016). Thus, the term disengagement as conceptualised for the study has a double meaning. It may denote a state (in this case we may specify an individual as disengaged or try to assess her or his degree of disengagement or the level of disengagement of a population of a given territorial unit), as well as a process (in which case we may state whether this level is growing or decreasing). Disengagement may be seen as tantamount to substituting the public sphere with a private alternative. It may be determined by the deliberate actions of individuals or by the state’s withdrawal from some of its responsibilities. By concentrating on citizens’ sources of income and their utilisation of services, this study addresses the economic dimension of disengagement. It is assumed that disengagement in the economic dimension is reflected...
by the extent to which citizens take on the financing of some services, e.g. in the fields of education or health care, and/or earn their livelihood outside of state channels1.

Russia is an interesting case in this respect since, for many years, its population was virtually deprived of the choice between public and private spheres. This study does not entail a claim, however, that economic disengagement in Russia is more acute than in other countries (especially given the long-term neoliberal trend in the Western world).

Rather, the work focuses on spatial disparities at the sub-national level. Although market reforms were implemented across the country, individual regions offered different conditions for the development of private initiatives due to geographic, economic and institutional differences (Drozhzhova, 2002). Taking into account the geographically uneven patterns pertaining both to the regions’ physical-geographical conditions and to their level of socio-economic development (Zubarevich, 2012), it is not surprising that specific regions followed different trajectories regarding the disengagement practices of their residents2.

This study adopts a macro-level perspective on measuring disengagement in state-society relations. It concentrates on the spatial diversity of intensity of economic disengagement in Russia, based on secondary data available from various sources, mostly official publications of the Russian Federal State Statistics Service (Rosstat). The aim of the paper is two-fold: firstly, it attempts to determine in which Russian regions the economic ties between the state and society are relatively looser and those in which they are tighter, and what are the resulting spatial patterns in the intensity of economic disengagement; and secondly, it intends to identify the role of the federal status and ethnic structure of regions in predicting the intensity of economic disengagement.

The motivation for examining the association between disengagement and ethnicity, the federal status of a region and the combination thereof, was the multi-ethnic character of Russian society and the federative nature of the country based on the combination of territorial and ethnic principles, which reflects the structural arrangements of political power across the Russian territory.

This study contributes to existing research in that it is the first attempt to measure economic disengagement in state-society relations on a regional level. It makes a methodological contribution in that it proposes an original composite index, which enables comparison of territorial units in terms of the intensity of economic disengagement. Moreover, it attempts to advance the literature on regional disparities within Russia, viewing them through the lens of state-society relations. Despite the vast literature on regional disparities in Russia (e.g. Abramova, 2012; Gimpelson et al., 2000; Pallot and Nefedova, 2003; Oreshkin and Oreshkina, 2006), to the best of my knowledge there has not been any comprehensive study devoted to regional differences in the intensity of state-society interaction.

The article is structured as follows. The following Section 2 briefly describes the theoretical framework of the study and introduces the research hypotheses. The subsequent Section 3 discusses the data and methods used, including the construction of a composite index. This is followed by presentation of the results (Section 4), divided into two separate sub-sections devoted to regional diversity (Section 4.1) and the factors influencing the intensity of economic disengagement on a regional level (Section 4.2). The final section (Section 5) summarises the findings, discusses limitations of the study and proposes questions for future research.

2. Theoretical framework and research hypotheses

Terminologically, this study refers to the concept of ‘disengagement from the state’, defined broadly as withdrawal from the state’s channels into parallel social, political, economic and cultural systems (Azarya and Chazan, 1987; Baker, 1997; Rothchild and Chazan, 1988).

Developed in the 1980s with respect to state-society relations in Africa, the concept has been adopted numerous times since then, mainly in the context of Third World Studies. Originally, it derives from Hirschman’s (1970) exit-voice theory and assumes that people disengage from the state in response to its dysfunction (Azarya and Chazan, 1987) or domination (Baker, 1997). ‘Disengagement’ is also close to Lehman-Wilzig’s definition of ‘alternative politics’.

Referring to Hirschman, Lehman-Wilzig (1991; 1992) introduces the notion of ‘quasi-exit’, under which he understands the establishment of alternative social systems which exist alongside the official system. He denotes it as ‘alternative politics’, i.e. “bypassing the traditional system of governmental services and establishing alternative social and economic networks to offer what the official political system cannot, or will not, provide” (1991, p. 99). He gives examples of such alternative systems in various spheres: settlement, media, education, health, religion and economics. His quasi-exit involves not a real exit in a physical sense (not a final exit, as he says) but rather alternative forms of behaviour which are evidence of distance from and disloyalty towards the official system. Vladimir Shlapentokh (1989) uses yet another term: ‘privatisation’, which, as he argues, should be more properly named ‘destatisation’ (yet he uses the former term). His privatisation concept, which is built upon a public-private paradigm, does not directly refer to Hirschman, but in fact adopts the same assumptions – that the loss of belief in the state’s fairness leads to a growing alienation from the state and the privatisation of society.

The approaches mentioned above have several limitations, in particular in empirical studies when utilising quantitative methods and especially those based on secondary aggregate data. Their main shortcoming refers to the fact that they point to society as the initiator of disengagement, while the prevalence of a particular practice may be shaped both by citizens and by the state. This study adopts a broader meaning of the notion of disengagement than what was originally formulated by Azarya and Chazan, by leaving aside the assumption that the examined practices are a reaction to...
the malfunction or domination of the state. Especially when measured on a macro level, disengagement resembles yet another concept which reflects the strength of state-society interactions, namely ‘economic autonomy from the state’, which Kelly McMann (2006) defines as the ‘ability to earn a living independent of the state’.

With respect to the way of treating the phenomenon, the approach taken here resembles that proposed by Kaminski (1991), namely the notion of the ‘syndrome of withdrawal’, described as minimisation of mutual involvement of the state and society. Based on the example of the collapse of state socialism in Poland, Kaminski describes withdrawal as a result of the process of society moving towards a dual organisation. Among available forms of withdrawal, he names: escape to the family life and alternative society, to the private sector, abroad, but also falling into alcoholism, explosion of a parallel economy, escape from domestic currency and decreased official political activity. Importantly, he differentiates between withdrawal ‘of’ the state and ‘from’ the state, and notices that the latter largely depends on the extent to which the state itself has withdrawn and what cost it has imposed on withdrawal. Similarly, I assume that disengagement is a bi-directional process and hence the replacement of the phrase ‘disengagement from the state’ with the expression ‘disengagement in state-society relations’.

Summing up, we deal with disengagement in state-society relations when a person decides in favour of a non-public alternative, regardless of whether it is his/her choice or a consequence of a decision taken by the state. Using Williams et al.’s (2011) distinction, it may be a product of an ‘involuntary exclusion’ or a ‘voluntary exit’ (or a mixture of both). Such an approach acknowledges that, for example, the growing rate of private sector employment distances people from the state even if it is not their aim to disengage from the state, as some of them would in fact prefer to work in the public sector. From the point of view of the country’s development, disengagement includes both positive factors such as private entrepreneurship, and negative phenomena, for example, informal employment. Hence, it does not carry any normative subtext. In other words, I do not attempt to judge whether economic disengagement is desirable or undesirable. The utilisation of both terms used with respect to state-society relations – ‘disengagement’ and ‘withdrawal’ – may give the erroneous impression that there existed a certain initial state and we deal with an advancing process going in a certain direction, i.e. that we expect to observe deepening of disengagement (either initiated by the state or by society). This is not an assumption of the concept of disengagement that is utilised in this work. As regards the temporal dimension of disengagement, I do not rule out the possibility that, in today’s Russia, the process in some spheres may be going in the opposite direction, i.e. that the state and society are becoming more engaged with one another. Nevertheless, the question of whether one may observe the process of disengagement or engagement in state-society relations in Russia at the present goes beyond the scope of this cross-sectional study.

The presence of institutional voids, the weakness of formal institutions or apparent state withdrawal are commonly accompanied by the development of informal institutions and practices. Such practices, labelled by Greskovits (1998) as ‘going informal’ strategies, include, inter alia, tax evasion, illegal employment, illegal street trading, organised crime and the drug economy. Informal institutions which had developed in the Soviet Union and later in Russia may be also seen as an offset to repressive actions of the state (Gel’man, 2004). Their omnipresence in all spheres of social life in Russia was referred to as the ‘shadowing’ (tenevizatsiya) of the Russian society (see Ryvkina, 2000; Kliamkin and Timofeev, 2001; Kosals and Maksimova, 2015; Ledeneva, 2006). It has to be borne in mind, however, that some informal practices had been used prior to the collapse of the USSR. Even under conditions of total state dominance, there existed certain disengagement strategies used by people to cope with the state’s poor performance, unrealistic laws and plans (Gresdeland, 2008). These included, for example, private plots, moonlighting, free-lance construction teams (shabashka), pilfering, under-the-counter commerce, etc. (see Shlapentokh, 1989). These informal practices gained intensity in the final years of the USSR’s existence and some researchers even claim perestroika would have succeeded if it had made the disengaged society return to the public sphere (Prozorov, 2008).

Despite the existence of informal practices under communism, the system, which provided free education, health care, housing, jobs with relatively equal salaries across the population, pensions and social and family allowances, developed certain habits of state care among the general population. People were not used to making decisions for themselves, which Zinoviev (1982) names as one of the key features of homo sovieticus. This has hampered adaptation to the new reality. Over the course of generations, state care came to be taken for granted, as the state’s obligation to people (Donahoo, 2011). This includes preferential treatment given to residents of certain regions – e.g. inhabitants of the Far East and the Far North regions or minority ethnic groups in their ethnic republics – which came to be seen in terms of entitlements.

As regards the former subgroup (regions), this observation entails the following hypothesis: that inhabitants of these geographically less accessible areas are expected to show greater dependence on the state, i.e. should demonstrate lower levels of economic disengagement (Hypothesis 1). As far as the latter subgroup is concerned, during the Soviet era members of titular ethnic groups, i.e. groups after which federal subjects within Russia are named, enjoyed special rights in their own regions. Such special treatment primarily concerned the cultural and political spheres (Kaiser, 2000), which, nevertheless, also had an impact on titular groups’ level of economic engagement with the state. For example, the state assigned quotas for them with regard to access to higher education and provided jobs in cultural and educational institutions (Codagnone and Filippov, 2000; Giuliano, 2011).

At the same time, however, republics were characterised by ethnic division of labour in which indigenous nationalities were employed in low-paid positions, while Russians occupied more prestigious posts. The introduction of a certain extent of regional sovereignty in the early 1990s provided opportunities to reverse this asymmetric relation (Bahry, 2002; Lankina, 2002). It is disputed whether regional governors in charge of redistributive policies – as regards, for example, the level of social benefits, salaries of civil servants in sectors financed from local budgets, and subsidies to state-owned companies and households (Freinkman and Plekhanov, 2010) – favour a particular ethnic group when providing access to public resources. Although Putin’s centralising reforms and introduction of a power vertical equalised the legal rights of federal subjects
Mikhailov, 2015), one may assume that social norms and practices are not subject to such rapid changes and that almost a decade of weakened federal intervention must have had an impact on local socio-economic systems. Moreover, power in ethnically-defined regions is often still held by representatives of titular nations, who may be tempted to redistribute resources in favour of their own group. Drawing on these arguments, I hypothesise that the intensity of economic disengagement should be lower in ethnically-defined regions (Hypothesis 2a), especially in those with higher shares of titular nationalities (Hypothesis 2b).

3. Data and methods

Economic disengagement in state-society relations was characterised by a number of variables related to the population’s sources of livelihood and the utilisation of services offered by the state. Taking into account the theoretical approach described above and the availability of statistical data, I chose several variables describing the intensity of disengagement on a regional (federal subjects’) level in Russia. The practices that were included involve various spheres of contact between the state and society, inter alia, the labour market, education and health care. Table 1 presents a brief description of the indicators selected for the analysis, as well as their respective data sources. All of the selected indicators are relative measures, which enables comparison of regions of differing population size. Most of the data are referenced to 2012, while some were derived from the 2010 population census.

Hence, economic disengagement was measured by the respective rates of: private sector employment; informal sector employment; subsistence farming; emigration; work abroad; private housing; social assistance (reversed); unemployment service (reversed); as well as the share of

<table>
<thead>
<tr>
<th>Indicator, year</th>
<th>Data source</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private sector employment (2012)</td>
<td>Regiony Rossi. Sotsial’no-ekonomicheskie pokazateli 2013 (2013)</td>
<td>employed in the private sector per 1,000 employed, based on average annual number of people employed in the private sector of the economy, based on several sources, e.g. Labour Force Survey (LFS)</td>
</tr>
<tr>
<td>Informal sector employment (2012)</td>
<td>Ekonomicheskaya aktivnost’ naseleniya Rossi 2013 (2013)</td>
<td>employed in the informal sector per 1,000 employed, based on the number of people employed in one of the units of the informal sector (i.e. units not possessing state registration as a legal entity), regardless of the fact whether it is their main place of work; includes: individual entrepreneurs (i.e. natural persons who are registered as entrepreneurs but without forming a legal entity), people employed by individual entrepreneurs and natural persons, unpaid family workers in a family business, self-employed without a formal registration, engaged in household production of food for sale or exchange, based on LFS</td>
</tr>
<tr>
<td>Subsistence farming (2012)</td>
<td>Ekonomicheskaya aktivnost’ naseleniya Rossi 2013 (2013)</td>
<td>engaged in household production from agriculture, forestry, hunting and fishing for own consumption per 1,000 population, based on LFS</td>
</tr>
<tr>
<td>Expenditure on education (2012)</td>
<td>Dokhody, raskhody i potreblenie domashnikh khozyaystv v 2012 году (2013)</td>
<td>percentage of average monthly final consumption expenditure per household member spent on education, based on Household Budget Survey</td>
</tr>
<tr>
<td>Expenditure on health (2012)</td>
<td>Dokhody, raskhody i potreblenie domashnikh khozyaystv v 2012 году (2013)</td>
<td>percentage of average monthly final consumption expenditure per household member spent on health care, based on Household Budget Survey</td>
</tr>
<tr>
<td>Emigration (2012)</td>
<td>Chislennost’ i migratsiya naseleniya Rossii v 2012 году (2013)</td>
<td>number of departures abroad by Russian citizens (emigrants) per 1,000 population, number of departures based on registration coupons recorded by the Federal Migration Service by deregistration from place of permanent residence or by the end of the period of stay (by registration for place of stay for at least 9 months)</td>
</tr>
<tr>
<td>Employment abroad (2010)</td>
<td>All-Russian Population Census (2010)</td>
<td>employed population who indicated their place of work abroad per 1,000 employed, population in households aged 15–72 who indicated that they had a job in the week preceding the beginning of the census, i.e. 7–13 October 2010, and that they worked abroad</td>
</tr>
<tr>
<td>Private housing (2012)</td>
<td>Zhilishchnoe khozyaystvo i bytovoe obsluzhivanie naseleniya v Rossi 2013 (2013)</td>
<td>private (owned by citizens and legal entities) ownership of housing stock as percentage of all housing stock</td>
</tr>
<tr>
<td>Social assistance* (2010)</td>
<td>All-Russian Population Census (2010)</td>
<td>non-beneficiates of social assistance (of different kinds) per 1,000 population, beneficiaries of social assistance include people who indicated state benefits and/or other kind of state support among their sources of income (not including scholarships, pensions, disability allowances and unemployment benefits)</td>
</tr>
<tr>
<td>Unemployment service* (2012)</td>
<td>Obsledovanie naseleniya po problemam zanyatosti (2013)</td>
<td>share of unemployed not resorting to state unemployment service when looking for a job, based on answers given in LFS</td>
</tr>
</tbody>
</table>

Tab. 1: Variables measuring different domains of economic disengagement at a regional level (*Reversed indicator) Source: author’s compilation
expenditures on health and education, respectively. This set of indicators covers the basic domains of contact between the state and society that are of an economic nature.

While the presence of most of the indicators in the list seems straightforward, given the theoretical framework and the adopted definition of disengagement, the inclusion of some of them requires an additional comment. The average share of expenditure on education and health care are proxies for the prevalence of abandonment of state services in favour of private providers, as well as formal and informal payments in public institutions, and as such are measures of disengagement in state-society relations. Data on informal employment are allegedly gathered by Rosstat, but official publications only present data on informal sector employment (a benchmark of which is whether the place of employment is officially registered as a legal entity). As regards informal sector employment, I find it important to include it in the disengagement index, alongside the measure of private sector employment, given the specificity of the Russian labour market (namely the blurred boundary between the private and public). Subsistence farming, including dachas, was named among important survival strategies of the 1990s in Russia (Ries, 2009; Tho Seeth et al., 1998) and it is perceived as a manifestation of disengagement in the literature (see for example, Azarya and Chazan, 1987; Baker, 1997). Although its economic significance decreased substantially from the beginning of the 2000s, it is still encountered, especially in peripheral rural areas, and since it denotes partial independence from the state, it may be considered an example of a disengagement practice.

For the sake of comparing Russian regions in terms of the intensity of economic disengagement, I construct a composite index (CI) out of the indicators listed in Table 1. Composite indices are often used to measure multidimensional or elusive concepts that cannot be captured by a single indicator. The most popular aggregation method is linear aggregation, which implies that the variables are considered perfect substitutes, i.e. low value in one domain may be compensated by a large value in the other. The compensatory nature of the linear aggregation rule has been the subject of criticism (see e.g. Parulo et al., 2013). A crucial question that appears in that context is whether we can accept the fact that a high score in one domain may cancel out a low score in the other (Noble et al., 2006). Although the compensatory logic may indeed be perceived as problematic in the case of measurement of such phenomena as, for example, well-being or deprivation (especially measured on an individual level), it does not seem to be a problem when considering disengagement practices on a regional level. To construct the CI, I run the following methodological scenario: z-score standardisation, linear aggregation and weights determined by principal component analysis (PCA). PCA ensures that each variable is assigned a weight proportional to its contribution to the total variance contained in the data. I additionally impose the customary condition that all weights sum up to one.

To identify significant predictors of a region’s intensity of economic disengagement, in particular to determine its relationship with the regions’ ethnic structure and federal status, I carried out a multiple linear regression with the composite index as a response (dependent) variable and regional federal status and ethnic structure as the main explanatory (independent) variables of interest. Federal status is expressed by a set of dummy variables: republic, kray and autonomous okrug (oblast is a reference level)\(^5\). A region’s ethnic structure, in turn, is expressed by the share of ethnic Russians\(^4\). Additionally, I include an interaction term between ethnic composition and federal status, assuming that the relation between the share of ethnic Russians and intensity of economic disengagement may be moderated by the region’s federal status. The remaining independent variables include the following: gross regional product per capita as a measure of regional wealth; average monthly nominal wages as a measure of population wealth; average annual unemployment rate (based on LFS); and a measure of educational structure (expressed by people possessing higher education per 1,000 population aged 15 and over)\(^6\). The analysis was performed in GeoDa (Anselin et al., 2006), which allows corrections for spatial autocorrelation. The appropriate shapefile was prepared in ArcGIS based on a basic shapefile for Russia (namely the RUS_adm1 layer which contains information on level-1 administrative units, i.e. federal subjects) downloaded from the GADM Database of Global Administrative Areas\(^8\).

4. Results

4.1 Spatial diversity of the intensity of economic disengagement

Table 2 presents the descriptive statistics for variables measuring disengagement selected for the analysis. It shows that there are considerable regional differences within Russia as regards specific indicators, which allows us to expect the overall intensity of economic disengagement to also be unevenly spread across the country. A correlation analysis confirmed that some of the variables are correlated, which is a necessary condition for the use of PCA (see Tab. 3).

As Decançq and Lugo (2013) write, weights for a composite index may be derived either from the first principal component or taking into account all the principal

---

\(^5\) Taking into account the fact that there are only 2 federal cities and only 1 autonomous oblast, I incorporate them into the more numerous categories. I merged federal cities with oblasts and categorised the Jewish Autonomous Oblast (AOB) as a kray. The latter move is justified by the fact that Jews constitute less than 1% of autonomous oblast’s population (which is an argument against classifying it as a republic), and, furthermore, there were plans to incorporate it into the Khabarovsk Kray or combine it with Amur Oblast to form Amur Kray.

\(^4\) Percentage of those who declared Russian national identity among those who declared their national identity in 2010 (All-Russian Population Census, 2010).

\(^6\) Percentage of those who declared their level of education, based on 2010 population census. All statistics concerning the control variables, if not stated otherwise, come from the Rostat publication Regiony Rossii. Sotsial’no-ekonomicheskii pokazateli 2013 (2013).

\(^7\) The modified shapefile created in ArcGIS allowed the creation of weights which served as a measure of contiguity. They were computed based on simple first-order contiguity (Queen’s contiguity) between federal subjects. In the case of territorial units not possessing any common borders with the rest of the analysed area (Sakhalin and Kaliningrad oblasts), they were assigned manually to one of the nearest units comprising a coherent area (Khabarovsky Kray and Leningrad Oblast, respectively) following a strategy ‘to choose the ‘nearest’ and most plausible neighbours for the islands’ (Ward and Gleditsch, 2008, p. 20).
components. Since, in the case of my data, the first principal component accounts for only 28% of the total variance (see Tab. 3), I decided to calculate weights based on all principal components: Table 4 reports the resulting weights. Table 5 presents a ranking of Russian regions based on the value of the composite index of economic disengagement. The higher the value of the index, the higher the overall intensity of disengagement practices in a region.

The ranking shows that, according to the official data, the highest intensity of economic disengagement is found in the Kaliningrad, Omsk and Stavropol oblasts. This means that the inhabitants of these regions on average exhibit the weakest economic ties to the state. At the opposite pole are the inhabitants of Chukotka AO, Chechen Republic and Ingushetia, whose residents' economic disengagement as measured by the CI is the lowest in Russia, meaning that, according to official data, they live 'closest to the state' in economic terms on average.

It is worth considering what makes Kaliningrad – a Russian exclave surrounded by the EU countries – the country’s top region in terms of economic disengagement. First of all, its specific geopolitical location contributes to more intense contacts with the outside world. It may also be a matter of specificity of the region’s population, which consists of migrants and their descendants who, according to the selectivity of migration hypothesis (see Chiswick, 2008), should be more active and enterprising than residents of Russia on average (see also Verkhovskaya and Dorokhina, 2013). Although the region’s transformation into a special economic zone turned out to be insufficient to attract foreign investors, small business is well developed there. Another interesting observation in terms of economic

---

Tab. 3: Results of PCA (unrotated; Bartlett's test of sphericity: $\chi^2(45, N = 83) = 303.94, p < .001; \ KMO \ index: .604$)  
Source: author’s calculations

<table>
<thead>
<tr>
<th>Component</th>
<th>Eigenvalue</th>
<th>Difference</th>
<th>Proportion</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comp1</td>
<td>2.8246</td>
<td>0.6108</td>
<td>.2825</td>
<td>.2825</td>
</tr>
<tr>
<td>Comp2</td>
<td>2.2138</td>
<td>0.6980</td>
<td>.2214</td>
<td>.5038</td>
</tr>
<tr>
<td>Comp3</td>
<td>1.5159</td>
<td>0.5481</td>
<td>.1516</td>
<td>.6554</td>
</tr>
<tr>
<td>Comp4</td>
<td>0.9678</td>
<td>0.2629</td>
<td>.0968</td>
<td>.7522</td>
</tr>
<tr>
<td>Comp5</td>
<td>0.7049</td>
<td>0.1090</td>
<td>.0705</td>
<td>.8227</td>
</tr>
<tr>
<td>Comp6</td>
<td>0.5959</td>
<td>0.1143</td>
<td>.0596</td>
<td>.8823</td>
</tr>
<tr>
<td>Comp7</td>
<td>0.4815</td>
<td>0.1875</td>
<td>.0482</td>
<td>.9304</td>
</tr>
<tr>
<td>Comp8</td>
<td>0.2941</td>
<td>0.0350</td>
<td>.0294</td>
<td>.9598</td>
</tr>
<tr>
<td>Comp9</td>
<td>0.2590</td>
<td>0.1165</td>
<td>.0259</td>
<td>.9857</td>
</tr>
<tr>
<td>Comp10</td>
<td>0.1425</td>
<td></td>
<td>.0143</td>
<td>1.0000</td>
</tr>
</tbody>
</table>

Tab. 2: Descriptive statistics of the selected indicators measuring economic disengagement (*Reversed indicators)  
Source: author’s calculations

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private sector employment (per 1,000)</td>
<td>58.5</td>
<td>7.6</td>
<td>21.5</td>
<td>69.3</td>
</tr>
<tr>
<td>Informal sector employment (per 1,000)</td>
<td>21.9</td>
<td>9.0</td>
<td>2.2</td>
<td>51.0</td>
</tr>
<tr>
<td>Subsistence farming (per 1,000)</td>
<td>117.4</td>
<td>50.3</td>
<td>0.9</td>
<td>254.3</td>
</tr>
<tr>
<td>Expenditure on education (%)</td>
<td>1.0</td>
<td>0.4</td>
<td>0.0</td>
<td>2.1</td>
</tr>
<tr>
<td>Expenditure on health (%)</td>
<td>3.1</td>
<td>0.8</td>
<td>0.5</td>
<td>5.1</td>
</tr>
<tr>
<td>Emigration (per 1,000)</td>
<td>0.3</td>
<td>0.3</td>
<td>0.0</td>
<td>1.3</td>
</tr>
<tr>
<td>Employment abroad (per 1,000)</td>
<td>0.5</td>
<td>0.6</td>
<td>0.1</td>
<td>4.6</td>
</tr>
<tr>
<td>Private housing (%)</td>
<td>85.6</td>
<td>9.2</td>
<td>32.4</td>
<td>99.1</td>
</tr>
<tr>
<td>Social assistance* (per 1,000)</td>
<td>892.0</td>
<td>60.5</td>
<td>618.8</td>
<td>972.2</td>
</tr>
<tr>
<td>Unemployment service* (%)</td>
<td>70.9</td>
<td>8.4</td>
<td>46.0</td>
<td>87.7</td>
</tr>
</tbody>
</table>

---

7 Weights were calculated taking into account the proportion of variance in each principal component explained by an indicator (calculated as the square of a correlation coefficient between an indicator and a principal component) and percentage of total variance in the data set contained in each principal component.
disengagement is that many residents of the region use private medical services in the neighbouring EU countries, which offer better value for money than private providers in the oblast (Rogoża et al., 2012).

The distinctiveness of Chukotka AO also stems from several factors. Firstly, it may be, as noted by Gimpelson and Treisman (2002) for public employment, an issue of the economies of scale. As they argue, in small border regions the share of population needed to provide basic public services is greater than in heavily populated or highly urbanised areas. Peripheral Chukotka, with a population of 51,000, definitely fits into this scheme. A relatively large share of the population employed in the public sector – in education, health care, and administration, among others. Secondly, its inhabitants are relatively much more dependent on the state than the average resident of Russia due to harsh climatic conditions and the remoteness of the region. That is why the black economy is rather small in the region. Institutional factors are also important. Chukotka’s former governor, oligarch Roman Abramovich, after coming to power in 2000, launched an extensive modernisation program, inter alia, restoring the Soviet state farms engaged with reindeer herding and sea-mammal hunting (Thompson, 2002).

As Gray (2012) writes, since the late 1990s herders were forced to hand over their enterprises to municipal control (the so-called municipalisation of reindeer herding). Thanks to Sibur revenues and his own resources, Abramovich was able to finance housing construction, provide relatively high wages and pensions, and improve the quality of medical and educational services in the region (Vasilenko, 2007). Apart from employment in administration, the education sector and health care and activities related to traditional husbandry and hunting (such as deer raising, sea hunting, fur farming and dog breeding), Chukotka is also a place for natural resources extraction (e.g. gold mining). Although extraction is run by private companies, this fact does not impact the

---

**Tab. 5: Ranking of the Russian regions based on values of the composite index of economic disengagement (Note: Ob. – Oblast; Rep. – Republic; AO – Autonomous Okrug; AOb – Autonomous Oblast).**

Source: author’s calculations

---

8 Similarly, for example, Nenets AO, Magadan Oblast and Tuva Republic (cf. Fig. 1).
Rosstat employment statistics as most workers are hired on a rotational basis and, due to short stays, they might not be considered residents of the regions (and consequently they might be not accounted for in the official statistics).

To look for zonal patterns I depict the intensity of disengagement in a choropleth map (Fig. 1), dividing Russian regions into five classes according to the value of the composite index.

The map indicates that the ties between state and society are relatively tighter in the northern and far eastern regions (with the exception of Primorsky Kray). Simple linear regression confirms the negative relationship between the intensity of economic disengagement and the latitude ($\beta = -0.018, p = .018$) and longitude ($\beta = -0.005, p < .001$) of a federal subject’s capital, respectively. The relatively low level of economic disengagement among residents of the northern and far eastern periphery of Russia is not surprising and supports Hypothesis 1. It is historically embedded given that survival in areas offering the most severe conditions in Russia has long been subject to state support. In Soviet times, the state used to offer diverse incentives, such as higher wages or free access to hard-to-reach goods and services, to attract people to northern and far eastern destinations. Such an approach might have led to development of a ‘demanding’ mentality, when people accustomed to material benefits expect the state to provide them with everything they need. Most of the regions with the lowest intensity of economic disengagement belong to the Russian Far North (Krayniy Sever), whose residents have been granted certain privileges under federal law, including salary and pension supplements, extra vacations and housing benefits. It is worthwhile to note that apart from regions located in northern Russia, this category includes, among others, the whole territory of Tuva Republic and part of the Zabaykalsky Kray (cf. Fig. 1). Colonisation of the inhospitable northern areas carried a significant propaganda value in Soviet times and rational economic arguments indicating that conducting profitable activity on such territories is hardly feasible were not taken into account. They have been, however, accounted for in the post-Soviet times, when the state acknowledged the unprofitability of development of new infrastructure and the high cost of maintaining the existing infrastructure. That is why it started to encourage inhabitants of the northern periphery to migrate to more climatically hospitable regions and to try to delegate the costs of sustaining the population to private enterprises, which benefit from exploration of the northern periphery’s natural resources (Round, 2005). Due to spontaneous and state-encouraged out-migration flows, these regions have been affected by heavy depopulation over recent decades (see Heleniak, 1999; Mkrtchyan, 2004; Wites, 2007), which, assuming selectivity of migration, allows us to claim that it was the most active and enterprising individuals that left, leaving the region with an overrepresentation of passive, potentially less economically disengaged individuals. Apart from this path dependence-related factor, it is not without importance that survival in northern parts of Russia is extremely costly. For instance, in terms of housing, property maintenance is very expensive, the infrastructure is dishevelled and the chances of selling it are poor, so that people prefer the state (municipality) to continue to take care of it (Shomina, Heywood, 2013).

As regards the three North Caucasian regions belonging to the lowest disengagement intensity class – Dagestan, Chechnya and Ingushetia – their low CI level is largely

---

9 Primorsky Kray owes its distinctiveness, among other things, to its strategic geographical location and infrastructure – given its ice-free ports and well-developed railway transport, it serves as a transportation hub allowing easy access to the neighbouring Asian markets.

attributed to a huge shadow economy and (partly its consequence) the low reliability of the official statistics (Zubarevich, 2011). Moreover, survival of families is partially ensured thanks to interfamily transfers (strong kinship bonds play a role here) and transfers from labour migrants who perform (often unofficial) work in more prosperous Russian regions. The specificity of the Caucasus lies in the particular combination of disengagement and engagement. Although most of the economic activity of the population is concentrated in the shadow economy, at the same time employment within state structures is highly valued. For instance, North Caucasian youth, long before it became popular in many other Russian regions, has not avoided military conscription and even competed for the admission to the army, seeing it as a door opener to further work for the local authorities or the police. Given the low reliability of official statistics for the North Caucasus republics, I repeated the calculations for the 77 Russian regions (without the six North Caucasus regions). The obtained result does not differ much from the one based on all 83 regions.

The higher intensity of economic disengagement among residents of the south of the European part of Russia may also be explained by geographic and path dependence-related factors. Its geographic location contributed, among other things, to the development of tourism (and thus private restaurants and guesthouses), harbours (which entail contacts with the outside world), and the dominance of private family housing over multi-apartment buildings.

### 4.2 Predictors of the intensity of economic disengagement

Figure 1 indicated that there is a certain level of clustering of regions possessing similar intensity of economic disengagement. This suggests that the spatial pattern should be accounted for when constructing a regression model. Local Moran’s I (univariate LISA – local indicator of spatial association) produces the following cluster map (Fig. 2), which suggests that the Russian Far East clusters regions with significant low-low spatial autocorrelation, while the southern part of European Russia – locations with high-high spatial autocorrelation. Based on the calculation of local Moran’s I, I additionally include two dummy variables: South and Far East in the model to address the problem of regional spatial heterogeneity (see O’Loughlin et al., 1994). The former identifies regions belonging to the Far Eastern Federal District; the latter – to the Southern Federal District (in its boundaries from before 2010). Table 6 presents the results of the OLS multiple regression including, among other things, the two federal district dummies and measures of the ethnic structure and federal status of a region as the main explanatory variables, as well as the composite index of economic disengagement as a response variable. The model was tested for heteroscedasticity and multicollinearity and neither of these effects was detected.

I tested the obtained model for neighbouring effects. The global spatial autocorrelation diagnostics show that there is no indication of the presence of spatial dependence anymore, so there is no need to resort to a spatial error or a spatial lag model. Local Moran’s I run on regression residuals shows only a cluster of regions around Moscow Federal City, representing the low-low autocorrelation type, but it does not significantly affect the overall distribution of residuals. The two federal district dummies did not prove to be significant, which means that there is no evidence of significant differences between the three sub-regions when adjusting for basic socio-economic variables.

---

11 I am grateful to Vladimir Kolosov who turned my attention to this paradox giving this exact example during our conversation in August 2015.

12 For the spatial autocorrelation diagnostics for the composite index, there is indeed a significant degree of clustering in the data. Univariate Moran’s I amounts to 0.37 (with a pseudo p-value of .001 by randomisation of 999 permutations), which offers a strong indication of spatial dependence.
The model shows that residents of republics and autonomous okrugs are on average less economically disengaged than residents of oblasts and krays. This result supports Hypothesis 2a and remains in line with Gimpelson and Treisman’s (2002) claim that ethnically-defined units with autonomous status (i.e. republics and autonomous okrugs) enjoy more administrative power, which allows them to boost the public sphere (e.g. to increase public employment). At the same time, the model indicates that the share of ethnic Russians is positively associated with economic disengagement in the case of ethnically-defined regions (republics and autonomous okrugs), while it does not matter in the case of oblasts and krays (which lends support to Hypothesis 2b). Such a result may be evidence of the lower level of economic disengagement among titular nationalities compared to ethnic Russians.

Theoretically, one may argue that the results may indicate the unequal redistribution of public resources resulting from regional sovereignty and redistributive politics oriented at favouring a titular group within a region and discriminating against other groups. Following such reasoning, a higher share of representatives of a titular nation in a republic or an autonomous okrug would imply a higher share of the privileged group, i.e. having better access to state resources, and thus less disengaged, hence decreasing overall intensity of disengagement in a region.

An alternative explanation is also possible, however – that a higher share of ethnic Russians may translate into a higher intensity of economic disengagement, not due to privileges granted to titular nationalities but due to the fact that members of titular ethnic groups are, on average, more state dependent, owing to other, for example structural factors, such as population structure by age, education or income level. As shown by previous scholarship (Brunarska, 2015), members of titular ethnic groups are indeed less economically disengaged than ethnic Russians. This individual-level study suggests, moreover, that the latter interpretation is more plausible. When one simply compares disengagement levels between the two groups, members of titular ethnic groups seem to be on average less economically disengaged than ethnic Russians. Disappearance of this relationship after incorporating additional controls suggests, however, that it is not the ethnicity factor per se that differentiates these two groups, but that other characteristics of titular ethnic groups are responsible for their (on average) lower score on the disengagement index (namely age structure, income level and type of locality they reside in). This suggests that either they do not have privileged access to public resources or that they also enjoy preference in the private sector (e.g. when it comes to running a business).

5. Conclusions

This paper constitutes the first attempt to measure economic disengagement in state-society relations on a regional level. It proposes a composite index aggregating a region’s scores in several different spheres: sector and formal basis of employment, expenditure on education and health care, housing, out-migration, employment abroad, resorting to subsistence farming, social assistance and state unemployment services.

The analysis identified regions where, according to official data, the economic ties between the state and society are relatively loose (Kaliningrad, Omsk and Stavropol oblasts, to name the three territorial units with the highest intensity of economic disengagement) and regions where they are relatively tight (Chukotka AO, Chechen and Ingushetia republics, to name just those three regions with the least economically disengaged populations). The results indicate that residents of the northern and far eastern parts of the country are less economically disengaged than inhabitants of the more centrally located regions. The area with the lowest intensity of economic disengagement strongly overlaps with the Russian Far North (Krayniy Sever). This may be explained by the fact that the state used to

<table>
<thead>
<tr>
<th>Coefficient</th>
<th>Economic disengagement (CI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Intercept)</td>
<td>1.125 (0.604)</td>
</tr>
<tr>
<td>Share of ethnic Russians</td>
<td>− 0.069 (0.066)</td>
</tr>
<tr>
<td>Republic</td>
<td>− 1.311 (0.584)**</td>
</tr>
<tr>
<td>Kray</td>
<td>0.711 (2.130)</td>
</tr>
<tr>
<td>Autonomous okrug</td>
<td>− 6.291 (1.507)**</td>
</tr>
<tr>
<td>Share of ethnic Russians*republic</td>
<td>0.018 (0.007)**</td>
</tr>
<tr>
<td>Share of ethnic Russians*kray</td>
<td>− 0.007 (0.024)</td>
</tr>
<tr>
<td>Share of ethnic Russians* autonomous okrug</td>
<td>0.097 (0.023)**</td>
</tr>
<tr>
<td>Average monthly wage</td>
<td>− 3.306e-05 (7.150e-06)**</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>− 0.017 (0.008)*</td>
</tr>
<tr>
<td>Share of highly educated</td>
<td>0.002 (0.001)*</td>
</tr>
<tr>
<td>South</td>
<td>0.172 (0.112)</td>
</tr>
<tr>
<td>Far East</td>
<td>− 0.031 (0.134)</td>
</tr>
<tr>
<td>GRP per capita</td>
<td>5.172e-07 (1.955e-07)*</td>
</tr>
<tr>
<td>Adjusted R²</td>
<td>.613</td>
</tr>
<tr>
<td>No. of observations</td>
<td>83</td>
</tr>
</tbody>
</table>

Tab. 6: Covariates of economic disengagement in Russia (Note: ***p < .001; **p < .01; *p < .05)

Source: author’s calculations

Analogous analysis carried out on a smaller subsample (when excluding six North Caucasus republics) yields similar results.

This paper constitutes the first attempt to measure economic disengagement in state-society relations on a regional level. It proposes a composite index aggregating a region’s scores in several different spheres: sector and formal basis of employment, expenditure on education and health care, housing, out-migration, employment abroad, resorting to subsistence farming, social assistance and state unemployment services.
provide, and partly still provides, certain incentives, forms of compensation or additional support for residents of the Russian Far North and Far East.

The lowest intensity of economic disengagement in state-society relations in the latter regions follows, firstly, from the inhospitality of local physical-geographic (including climatic) conditions and the resulting high costs of living. Secondly, it is connected to the fact that the state has long granted certain privileges to inhabitants of these regions, thus strengthening their ties to the state. The latter may in fact be perceived as a causal factor since in many of those places there were no inhabitants (apart from small groups of indigenous people) before the state decided to support settlement there. The spatial diversity of the intensity of economic disengagement in Russia may thus be interpreted in terms of path dependence and considered a historical, most of all Soviet, legacy. Moreover, a low intensity of economic disengagement may indicate regions which have lagged behind in transformation, e.g. due to institutional conditions, or regions in which the functioning of a fully free market economy is relatively impossible (Russian Far North).

The results of the regression model show that residents of ethnically-defined regions (republics and autonomous okrugs) are, on average, less disengaged than inhabitants of regions distinguished according to a territorial principle. Furthermore, the share of ethnic Russians is positively related to intensity of economic disengagement in the former regions, while it does not matter in the latter. This is consistent with the research hypothesis that this phenomenon is indicative of the lower level of economic disengagement among titular nationalities in comparison to ethnic Russians. This, in turn, may be due to the sovereignty-related unequal distribution of public resources or due to structural factors. In the light of previous findings, the latter interpretation is more plausible.

The study has certain limitations which need to be acknowledged. Firstly, being an attempt to aggregate numerous indicators into one measure, the approach taken as regards the measurement of the intensity of economic disengagement suffers from all the caveats imposed on composite indices. Secondly, an important limitation is also the limited reliability of some of the indicators. The spheres that above all suffer from low data reliability are migration and mobility statistics. Data on emigration and labour migration are considered a historical, most of all Soviet, legacy. Moreover, the population census which provides data on labour migration does not include households where all the members were absent in Russia at the time of the census. Another example of a variable with questionable reliability is the indicator of private sector employment. It has to be borne in mind that the boundary between public and private is often blurred in the post-Soviet context (Oswald and Voronkov, 2004). The ambiguity in belonging to the public or private sector primarily concerns large companies to which the government assigns strategic importance. Notwithstanding the fact that sometimes the available data are not suitable for assessing the real scale of the phenomena, I assume that they can still provide us with some valuable information concerning regional diversity. Thirdly, the multidimensional character of disengagement along with the novel character of the conceptual approach and the consequent lack of previous attempts to measure the intensity of disengagement in its economic dimension on a regional level, make it impossible to validate the construct obtained empirically in this study.

The paper contributes to the existing research in several ways. First, it proposes a refinement of the existing analytical approaches used to study the interaction between the state and society, applying a modified version of the relatively under-used concept of disengagement from the state. It offers a reformulation of the concept to allow the agency to emanate from the state – and thus allows the use of macro data. Second, it applies the concept of disengagement in its economic dimension – previously studied mainly in the context of developing countries and applied primarily to African states – to a new geographic context, namely, that of contemporary Russia. Third, looking for covariates of disengagement on a macro level, it adds a geographical perspective to a subject previously undertaken mostly by scholars in political science, political economy and political sociology. Fourth, the study adds to the scholarship on regional diversity and the socio-economic development of Russian regions and informs the discussion on the special status of ethnically-defined territories in Russia. As regards the second point mentioned above, the proposed conceptual approach may potentially be applied to other geographical contexts. While generally the proposed composite index may be applicable in other contexts, the exact choice of indicators measuring disengagement should be perceived as partially context-specific and thus not universal. First, some indicators may prove redundant in other contexts (e.g. informal sector employment when private sector employment is already accounted for – in countries with a clear boundary between public and private). Second, some phenomena may be marginal or non-existent (e.g. subsistence farming in prosperous societies).

Economic disengagement denotes economic autonomy from the state which, in turn, as McMann’s (2006) study shows, makes people more likely to exercise their democratic rights. Thus, one may expect populations of regions noting the lowest intensity of economic disengagement to show the highest levels of political disengagement as regards extra-electoral activity and the lowest levels of electoral abstention. Future research might find it worthwhile to examine these relationships. In light of the current study, several other promising venues of research occur. As far as the federal status of a region is concerned, a natural question arises: is the state in ethnically-defined federal subjects less withdrawn or are inhabitants of those regions more passive in meeting their demands? Answering such a question is not possible by a macro approach such as the one offered by this paper. Nor can it answer a few other interesting questions, for instance, related to the type of motivation which stands behind individual disengagement practices. It is, above all, a question of whether people in a given region or locality disengage because they prefer private over public channels – or because the state has withdrawn and does not offer certain services for all or at a satisfactory level. To disentangle this puzzle, further in-depth studies, potentially involving both quantitative and qualitative methods, are needed. It would be worth developing such a study design that would make it feasible to distinguish between society- and state-initiated disengagement, i.e. disengagement ‘from’ and ‘of’ the state.

Although these findings remain tentative, they would seem to be a good starting point for a more thorough analysis. In future studies, it would be advantageous to go beyond
the cross-sectional design of this study and explore the heterogeneity of the intensity of state-society interaction, not only across space but also across time. Such an approach would enable consideration of the ongoing changes in the context of austerity and neoliberal politics. Adoption of the cumulative time and space perspective would make it possible to consider the various trajectories followed by different regions – and peoples – within Russia.

Acknowledgements

This paper was prepared within the ‘Disengagement from the state – the perspective of Russian regions’ research project. The project was funded by the National Science Centre (Poland) based on decision No. DEC-2013/11/N/HS4/03627. My research was also supported by the Foundation for Polish Science. I would like to express my thanks to Tom Dickinson for his helpful assistance with the preparation of the Russian GIS data file and to John O’Loughlin for his kind advice on spatial analysis.

References:


DOKHOHY, RASKHOHY I POTREBLENIE DOMASHNIKH KHOZYAYSTV V 2012 GODU (2013): Moscow, Rosstat.


EKONOMICHESKAYA AKTIVNOST’ NASELENIYA ROSSI 2013 (2013): Moscow, Rosstat.


GADM Database of Global Administrative Areas [online]. [cit. 20.11.2015]. Available at https://gadm.org/


Please cite this article as: