Globalization at the edges of insecurity: migration, interethnic relations, market incentives and international economic interactions in Russia's border regions

Author(s): Alexseev, Mikhail A.
Publication Date: 2002
Permanent Link: https://doi.org/10.3929/ethz-a-004357070

Rights / License: In Copyright - Non-Commercial Use Permitted

This page was generated automatically upon download from the ETH Zurich Research Collection. For more information please consult the Terms of use.
Russia's borderland regions are the **foci** of a unique set of opportunities and challenges that together produce highly complex and often contradictory outcomes. On the one hand, the regions' proximity to external markets and sources of foreign direct investment boosts their bargaining power with the central government and enables them to benefit from special legislation on trans-border cooperation and increases the economic opportunities available to them. On the other hand, their borderland location increases the likelihood of ethnic tension resulting from cross-border migration and the arrival of refugees from former Soviet republics, trafficking in human beings and contraband, xenophobia resulting from perceptions of relative economic deprivation vis-à-vis more economically dynamic neighboring states, and outstanding territorial disputes and possible irredentist claims. The regions flanking Russia's external border are therefore fertile ground for an investigation into the impact of political insecurity on the development of local economies within the Russian Federation.
Globalization at the Edges of Insecurity: Migration, Interethnic Relations and International Economic Interactions in Russia’s Border Regions

By Mikhail A. Alexseev

Working Paper No. 14
Foreword 5

Introduction 7

1. Conceptual framework 11
   1.1 Domestic insecurity and international economic interactions: a complex relationship 11
   1.2 Internationalization of Russia’s borderland economies: baseline factors 14

2. Internationalization and border regions: how they differ from the rest of Russia 17

3. The correlates of international economic interactions within Russia’s border regions 21

4. Perceptions of migration, security, and economic interest in Russia’s border regions 29
   4.1 Migration and insecurity 29
   4.2 Insecurity, ethnic stereotypes and economic incentives 44
   4.3 Migration: contributing to economic internationalization 47

Conclusion 57

Appendix 61
Russia’s borderland regions are the foci of a unique set of opportunities and challenges that together produce highly complex and often contradictory outcomes. On the one hand, the regions’ proximity to external markets and sources of foreign direct investment boosts their bargaining power with the central government and enables them to benefit from special legislation on trans-border cooperation and increases the economic opportunities available to them. On the other hand, their borderland location increases the likelihood of ethnic tension resulting from cross-border migration and the arrival of refugees from former Soviet republics, trafficking in human beings and contraband, xenophobia resulting from perceptions of relative economic deprivation vis-à-vis more economically dynamic neighboring states, and outstanding territorial disputes and possible irredentist claims. The regions flanking Russia’s external border are therefore fertile ground for an investigation into the impact of political insecurity on the development of local economies within the Russian Federation.

This paper is written by Mikhail A. Alexseev, Assistant Professor of Political Science at San Diego State University. It critically examines the conventional wisdom that the slow pace of economic internationalization in Russia’s borderland regions vis-à-vis the rest of Russia can be explained by the regions’ comparatively greater exposure to security threats and the resultant higher levels of political risk for economic activity. The paper assesses the impact of demographic, socioeconomic and political trends on the economic internationalization of Russia’s 39 border regions during the late 1990s. Special attention is paid to the impact of interethnic tension resulting from the influx of refugees and migrant workers, fear of irredentist and territorial claims and political xenophobia on the regions’ economic development.
The author shows that factors traditionally associated with higher levels of economic internationalization for Russia as a whole, such as population size, purchasing power and natural resource endowment, have had a comparatively smaller effect in border regions. Moreover, the level of foreign investment and the number of joint ventures in Russia’s borderland regions in the late 1990s have been only weakly associated with indicators of political insecurity, such as the presence of ethnic irredentists, an above average influx of refugees and migrants, outstanding and anticipated territorial claims, and the existence of ethnic armed groups outside of state control.

The study finds that demographic factors have been most strongly associated with the volume of international economic interactions in border regions. The most surprising finding is that migration and refugee levels are often significantly and always positively related to levels of foreign investment in Russia’s border regions regardless of population size and market capacity. Field work and survey research in the Russian borderland regions suggest that migrants act as an engine for growth of international economic interactions, helping to galvanize the overall business climate by contributing a dynamic, entrepreneurial work ethic, by fostering cross-border business connections and by building a relationship capital that helps to boost both civil society and economic activity. Thus, contrary to conventional wisdom, this study suggests that openness to migration will in fact increase the prospects for economic development and internationalization in Russia’s border regions and in Russia as a whole.

This paper is the fourteenth in the series of working papers undertaken as part of the project “Regionalization of Russian Foreign and Security Policy: Interaction between Regional Processes and the Interest of the Central State.” The project is funded by the Swiss Federal Institute of Technology (ETH) Zurich.

All studies within the working paper series are available in full-text at http://www.fsk.ethz.ch.

Zurich, September 2001

Prof. Dr. Andreas Wenger
Deputy director of the Center for Security Studies
and Conflict Research
Introduction

It has become conventional wisdom in the 1990s that Russia’s international interactions – especially in the economic arena – can no longer be understood by examining debates and policies emerging from the Kremlin. Since the collapse of Communism, the constituent regions and republics of the Russian Federation and regionally affiliated corporations and Financial-Industrial Groups (FIGs) have taken advantage of political and economic decentralization, articulating and conducting external policies of their own, which suggests that Russia has become less and less of a unitary actor in the global arena.¹

The political decentralization of Russia in the 1990s increased opportunities for Russia’s and its regions’ incorporation into the global economy and for faster and sustained economic development than was possible under Communism. Projects to develop free economic zones (most visibly in Kaliningrad and Nakhodka), trans-border free enterprise zones, transport and investment corridors, and special regimes for border crossings and custom clearance quickly emerged both in the regions and in Moscow. For example, the Republic of Kare-

lia proposed the Kostomuksha transit corridor linking the Kola Peninsula and Russia’s resource-rich areas of Arkhangelsk and the Komi Republic with the Nordic states and Europe. In Primorski Krai, the Tyumen (Tumangan) River project was proposed to enhance trade and exchanges among the cluster of Russian, Chinese, and North Korean provinces. The related Northeast Corridor project in the same region envisioned a speeding up of cargo transit between China and the west coast of the US. Even in the region of Pskov—the only one in Russia where the first competitive gubernatorial election in 1996 was won by a member of Vladimir Zhironovskii’s extreme nationalist and grossly misnamed Liberal Democratic Party of Russia—cross-border business developed with the neighboring Baltic States and showed great promise in terms of profits and growth. The effects of globalization have also been regionally fragmented in Russia—while the advance of globalization in Moscow could be seen through the spread of Western consumer centers such as McDonald’s, IKEA, and Tiffany’s, economic globalization in Vladivostok occurred through Chinese eateries, street markets and trade centers. Overall, the benefits of economic internationalization in the regions became tangible by 1993: one simple Ordinary Least Squares (OLS) analysis found that, at the time, differences in per capita foreign currency inflows accounted for about a third of the variance in per capita regional incomes and that the relationship was highly significant statistically.

And yet, the Russian government generally failed to develop a coherent strategy for taking economic advantage of its regions’ newly-found potential for integration into the global economy. In its foreign policy concepts, the Kremlin did not emulate the strategies of devolution, subsidiarity, and trans-border regionalism that accompanied successful economic and political integration within the European Union (EU). Free economic zones developed slowly, if at all, most regional initiatives to establish transit corridors never took off, and tourism has not become a strategic priority even in gateway regions such as Pskov and Primorski Krai. In the course of the 1990s, Moscow came to view its primary goal in relations with the EU as seeking “due respect for its interests” out of concern over EU consolidation and enlargement, and emphasized “bilateral relations with individual EU member countries.” Russian President Vladimir Putin’s foreign policy concept does not however mention strategies such as pursuing a free-trade agreement with the EU. In the Far East, the Kremlin failed to provide leadership in developing the Nakhodka and Tumangan free trade areas, and its laws and agencies hindered major oil companies in developing deposits off Sakhalin Island at least as much as they helped them. While discounting the economic benefits of internationalizing Russia’s economy through the “gateway” regions, Moscow amplified concerns over security and territorial integrity. The Kremlin failed to make internationalization of regional economies a top foreign policy priority despite demonstrable economic benefits. This failure is part of the larger picture of Russia’s shrinking share in world trade over the 1990s. Whereas in 1990, the Russian Federation accounted for 2.6% of global exports and 2.7% of imports, in 1999 these indicators dropped to 1.3 and 0.7%.

One conventional explanation of the slow pace of economic internationalization of Russia’s border regions is that the border location increases their exposure to security threats, raising the political risk for any kind of economic activity. This study seeks to examine critically the nature of demographic, political and socioeconomic conditions challenging Russia’s borderland regions and to assess the impact of these conditions on international economic development (as exemplified by foreign investment flows and business joint ventures). For example, how does the influx of migrants and refugees from the former Soviet republics and from other states affect foreign investment and joint venture activity levels? How damaging is the impact of political xenophobia or ethnocentric tensions on de facto economic internationalization? Do structural factors, such as natural resource endowment, population levels, and market capacity, override instabilities associated with migration and ethnic politics? My analysis is based on demographic and socioeconomic data for 39 border regions of the Russian Federation compiled for this project, and on case studies drawn from my research on international economic exchanges and security challenges in the Russian Far East. Additionally, I draw on official statements, press reports, and current research illuminating specific challenges and their linkages with international economic interactions in a number of other border regions, such as Krasnodar, Orenburg, Karelia, and Omsk. Inferences about general trends across Russia’s border regions are drawn from multiple tests using standard correlation/regression procedures.
Conceptual framework

1.1 Domestic insecurity and international economic interactions: a complex relationship

The literature on international and internal conflict and economic development posits complex and contradictory claims as to the impact of geopolitical insecurity, which is so vividly exemplified in Russia’s borderland regions, on socioeconomic incentives. On the one hand, political instability is likely to enhance the demand for rapid economic improvements requiring capital investment and the import of know-how, managerial skills, and professional standards and norms that are unavailable at home, at least at short notice, to counter domestic socioeconomic grievances. Indirectly, strong empirical evidence has been assembled suggesting that, indeed, economic internationalization is likely to mitigate political crises. The “State Failure Project” – sponsored by the US government and focusing on 113 states that dissolved or fragmented from 1955 to 1994 – found that openness to international trade inoculates even the most unstable regimes against failure.\(^8\) Decision-makers in politically unstable states should therefore find it rational to open up their borders to international economic transactions. In Russia’s regions, a collaborative study by the “Ekspert-Geografiia” economic consulting center, the Moscow State University’s Department of Geography, the State Statistical Committee (Goskomstat) of the Russian Federation, the Russian Chamber of Trade and Commerce and the regional governments, found that by 1997, regions with higher political risk ratings indeed developed more favorable foreign investment legislation than other regions.\(^9\)

---


regions, these findings indicate that internal security challenges may, paradoxically, contribute to developments favorable to international economic interactions such as trade, investment, and joint business ventures.

On the other hand, political risk understandably lowers the attractiveness of any given location to foreign investment. Investors are less likely to commit resources, but if they do, they are more likely to demand higher rates of return on investment and seek additional guarantees against losses. This, for example, explains the high sensitivity in Russia to risk ratings of the local economy by the banks and international rating agencies such as Moody’s and Standard & Poor’s. Moreover, high risk discourages commitment in general, enhancing – at both the economic and the political levels in Russia – what Stephen Hanson of the University of Washington describes as “the vicious cycle of uncertainty.” Political uncertainty resulting in short-term time horizons reinforces a propensity for corruption,\(^\text{10}\) thus reducing the impact of any kind of investment. In addition, as Judith Thornton argues, corruption and cronymism have evolved into institutional traps in post-Soviet Russia in a sense that they have become “stable institutionalized norms which impose high transaction costs on an economy” and “may come to dominate other institutional arrangements.” These traps emerge when policymakers “are able to block or distort changes in the rules of the game that threaten to reduce the value of their existing control rights” – which has been particularly the case in Primorskii Krai, Krasnodar, and in other border regions.\(^\text{11}\)

Even if international economic interactions bring tangible benefits, the potential effect of the latter on security challenges in border regions is highly uncertain. Studies in the field of international relations – most notably on the effects of trade benefits on violent interstate conflict – have generated at least four competing claims about the effects of economic incentives on security threats. First, as the liberal argument holds, economic incentives make disruption of trade too costly to key stakeholders and thus reduce both manifest and hidden resolve for conflict. Second, as some neo-Marxists and neo-realists contend, only equitable or symmetrical economic exchanges enhance security and promote peace, whereas asymmetric exchanges engender grievances, tensions, and insecurity. Third, according to a related view, the very closeness of contact between states or groups resulting from economic exchanges increases the probability of occasional disputes, thus making violent conflict more likely. Fourth, on some issues, economic and security interests are likely to be unrelated, as actors assess these interests separately.\(^\text{12}\)

Moreover, no clear-cut relationship has been established between economic trends and ethnopolitical conflict (associated with ethnic diversity and interethnic migration in Russia’s border regions). At the national level, it appears that negative economic trends are conducive to ethnic violence in weak states with sizeable and aggrieved minorities. According to one study, GNP trends from 1960 through to 1980 in such states were inversely related to levels of ethnopolitical violence in the 1980s.\(^\text{13}\) The overall picture remains complex, however. Comparative research suggests that the effects of economic trends on ethnic-based conflicts are difficult to explain and predict. While Ted Robert Gurr found that in Europe and North America, economically privileged groups were the ones more likely to engage in ethnic rebellion, Donald Horowitz found that in Africa and Southeast Asia, the proclivity for protest was more prevalent among economically disadvantaged groups.\(^\text{14}\) While some scholars have provided case studies showing that economic growth favors acceptance of other ethnic groups by engendering a social climate of optimism and generosity, others have countered with cases in which economic growth accentuates and aggravates ethnic grievances by generating a perception of relative deprivation. Still others have presented evidence that economic trends have little, if any, impact on ethnic-based activism, since the latter is rooted almost exclusively in cultural and political issues, such as sovereignty, competitive status, rights, and dignity of ethnic groups.\(^\text{15}\) Thus, “particular grievances, demands and goals in ethnic conflicts are empirical questions that depend on the strategies and reactions of participants, their interlocal struggles, and transnational influences that are not readily predictable.”\(^\text{16}\)

---


\(^{12}\) For a comprehensive review of these perspectives and empirical research in support of them, see Barbieri, Katherine and Gerald Schneider. “Globalization and Peace: Assessing New Directions in the Study of Trade and Conflict.” *Journal of Peace Research*, vol. 36, no. 4 (1999), pp. 387–404. See other articles in this special issue of the journal presenting state-of-the-field research on the relationship between trade and conflict.


\(^{16}\) Esman, *Ethnic Politics*, p. 233
1.2 **Internationalization of Russia’s borderland economies: baseline factors**

Nowhere has the conglomeration of (predominantly economic) opportunities and (predominantly political) challenges been more complex and contradictory than in regions spread along Russia’s 60,933-kilometer external border. On the one hand, border location signifies proximity to external markets and sources of foreign investment, boosts the regions’ bargaining leverage with the central government, and enables regions to benefit from special legislation on trans-border cooperation. On the other hand, borderland regions experience tensions arising from interethnic conflict, cross-border migration and refugee influx from the former Soviet republics, trafficking in human beings and contraband, relative economic deprivation vis-à-vis often more advanced or dynamically developing neighboring states, and the opacity of power-sharing between regional and central governments. Ambiguity about the demarcation of borders – after all, Russia as a state never existed within the borders of the post-Soviet Russian Federation – adds the prospect of territorial disputes to these security challenges.

These contradictory developments distinguish most Russian border regions as a group from the rest of Russia’s regions. The critical dimension that makes the contrast between economic internationalization in Russia as a whole and in Russia’s borderlands so pronounced is exposure to direct contact, by land or sea, with other states (and through them with other transnational actors). Of the regions located on Russia’s outer rim, we identify 39 that are exposed to direct contact with other states (Appendix 1). They comprise 36 regions located along Russia’s interstate land borders and three regions (Kamchatka, Magadan and Arkhangelsk) that, even though located away from land borders, have direct access to international sea lanes. Several border regions from the data set that do not fit the direct international exposure criteria have been excluded. They are: (1) federation subjects located along Russia’s Arctic coast (e.g., Khanty-Mansi, Evenk, Chukotka, and Koryak autonomous districts), where international cross-border interactions are infrequent due to small size and extreme weather conditions; (2) the Tyumen region that borders on Kazakhstan only through a short, depopulated, and poorly accessible extension or “territorial appendix,” whose population and economic base (oil and gas industry) are mostly concentrated inland; and (3) Chechnya, where large-scale military action effectively isolated the republic from the rest of Russia and the world during most of the 1990s.

Conditions associated with economic internationalization in Russia as a whole and in Russia’s borderlands are thus likely to differ systematically. At the same time, Russia’s border regions provide an ideal focal point to examine the impact of security threats and economic incentives on internationalization of local economies. An investigation of these relationships should begin with a statistical analysis of the data set for 39 border regions to identify general trends that distinguished this group from the rest of Russia’s regions in the late 1990s. Subsequently, we shall examine which conditions within these border regions have the strongest impact on economic internationalization and follow up with in-depth examination of opinion data, interviews, and official statements in individual border regions.

In assembling the data for the 39 border regions, we shall limit ourselves to variables that are likely to provide multiple proxies for conditions typically associated with economic internationalization as well as a baseline for comparing these border regions with Russia as a whole. (For a complete list of these variables, their definitions and data sources see Appendix 1). Economic internationalization (the dependent variable) will thus be measured by proxies such as levels of total foreign investment, direct foreign investment, and the number of international joint ventures involving local Russian companies. We shall then examine how these measures of economic internationalization relate to three groups of conditions comprising the likely explanatory variables:

1. **Demographic conditions**, represented by total population levels in each region (i.e., the population base) and by the number of migrant arrivals and the number of refugees and forced settlers;

2. **Political conditions** representing potential for stability or instability in border regions, including the presence of irredentists (ethnic kin across the interstate border), outstanding or anticipated territorial claims (as in the case of the Baltic states or China), the presence of ethnic-based military groups outside state control (such as Chechen fighters and Russian Cossacks), the percentage of ethnic Russian population, the autonomy or dependent status of the federation subject, and popular support levels for parties hostile to foreign investment and joint ventures (the Communists and the Liberal Democratic Party of Russia). The latter three indicators serve as proxies for internal ethnic and political cleavages, while the communist/nationalist party support also serves as a proxy for the general political orientation of a given region (including the propensity of governors to resort to nationalist and xenophobic political discourses and campaigns);

3. **Socioeconomic and legal conditions** typically associated with the attractiveness of the regions to foreign investment and international business ventures, including natural resource endowment, the entrepreneurial base (i.e., the presence of trained business leaders and levels of their economic activity), consumption/market capacity (i.e., the cumulative purchasing power of the population), and foreign investment legislation.

---

Internationalization and border regions: how they differ from the rest of Russia

A comparison of statistical mean averages obtained for indicators of economic internationalization and related conditions within 39 border regions and for Russia as a whole (Table 1) suggests the following:

**Foreign Investment** levels have, on average, been lower in the border regions than in Russia as a whole by the late 1990s, demonstrating that advantages associated with border location have not materialized in terms of infusion of foreign capital into regional economies.

**Trends in Foreign Investment** – at least in the late 1990s – indicated that border regions have been catching up with the rest of Russia. Whereas in 1997, the total volume of foreign investment in Russia’s border regions was more than five times lower than the Russian average, in 1998 the gap narrowed by half. The volume of foreign investment in the border regions for that year was, on average, 2.5 times lower than for Russia as a whole. Also, the volume of foreign investment in Russia’s border regions increased at approximately the same rate as throughout Russia from 1996 to 1998.

**Demographic factors** in Russia’s border regions appear less advantageous to foreign investment than in other parts of Russia. The total population levels are lower, suggesting a smaller consumer base and – given a generally high education level of the Russian population – a smaller qualified labor pool. This has been the case particularly in Russia’s Far Eastern regions, which are characterized not only by the prevalence of deaths over births (as in the rest of Russia), but by emigration to Western Russia, especially from northern regions such as Magadan, Kamchatka and Sakhalin. But while the local population base in border regions...
Table 1. Baseline Factors of International Economic Interactions in Russia’s 39 Border Regions*

<table>
<thead>
<tr>
<th>International Economic Activity Proxies</th>
<th>Mean for 39 border regions</th>
<th>Mean for 88 Russian regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Foreign Investment, volume 1998 (USD, mn)</td>
<td>55.5</td>
<td>133.8</td>
</tr>
<tr>
<td>Foreign investment change, volume, 1996–1998 (USD, mn)</td>
<td>42.9</td>
<td>54.6</td>
</tr>
<tr>
<td>Direct foreign investment, volume, 1997 (USD, mn)</td>
<td>12.4</td>
<td>71.4</td>
</tr>
<tr>
<td>Total Foreign Investment, volume, 1997 (USD, mn)</td>
<td>32.4</td>
<td>166.1</td>
</tr>
<tr>
<td>Number of international joint ventures, 1998</td>
<td>83</td>
<td>126</td>
</tr>
<tr>
<td>Number of international joint ventures, 1997</td>
<td>88</td>
<td>183</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Demographic Factors</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Migrant arrivals from the CIS (1998)</td>
<td>6'433</td>
<td>5'623</td>
</tr>
<tr>
<td>Migrant arrivals from outside the CIS (1998)</td>
<td>302</td>
<td>224</td>
</tr>
<tr>
<td>Number of refugees, 1996</td>
<td>2'409</td>
<td>1'965</td>
</tr>
<tr>
<td>Number of refugees, 1997</td>
<td>1'834</td>
<td>1'490</td>
</tr>
<tr>
<td>Number of refugees, 1998</td>
<td>1'611</td>
<td>1'344</td>
</tr>
<tr>
<td>Population, mn</td>
<td>1.52</td>
<td>1.66</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Political Factors</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Presence (1) vs. absence (0) of irredentists</td>
<td>0.28</td>
<td>n/a</td>
</tr>
<tr>
<td>Territorial claims (0 to 1 scale)</td>
<td>0.21</td>
<td>n/a</td>
</tr>
<tr>
<td>Ethnic military groups outside state control (0 to 1 scale)</td>
<td>0.15</td>
<td>n/a</td>
</tr>
<tr>
<td>Percentage of population ethnic Russian</td>
<td>76.74</td>
<td>81.00</td>
</tr>
<tr>
<td>Combined LDPR and KPRF vote, 1995 Duma election</td>
<td>59.08</td>
<td>54.50</td>
</tr>
<tr>
<td>Autonomous status</td>
<td>0.31</td>
<td>0.35</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Socioeconomic and Legal Factors</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural resource endowment (as % of Russia’s total)</td>
<td>0.96</td>
<td>1.05</td>
</tr>
<tr>
<td>Entrepreneurial capacity, 1997 (0 to 1 scale)</td>
<td>0.31</td>
<td>0.22</td>
</tr>
<tr>
<td>Entrepreneurial activity, 1997 (0 to 1 scale)</td>
<td>0.49</td>
<td>0.40</td>
</tr>
<tr>
<td>Market capacity, 1997 (0 to 1 scale)</td>
<td>0.21</td>
<td>0.22</td>
</tr>
<tr>
<td>Foreign investment legislation (-1, unfavorable to 1, favorable)</td>
<td>-0.03</td>
<td>-0.15</td>
</tr>
</tbody>
</table>

* See Appendix 1 for the list of border regions.

Globalization at the Edges of Insecurity has been smaller than in the rest of Russia, the influx of migrants from outside Russia’s borders (especially from the Commonwealth of Independent States) has been higher. Thus, border regions received 23% more forcibly resettled immigrants and refugees in 1996 and 1997 than the Russian average, and 20% more in 1998. Different types of migration, especially in regions such as Primorski Krai, Khabarovsk, Amur, Orenburg, Krasnodar and Karelia, have not only taxed limited socioeconomic resources and created perceptions of relative deprivation among local Russians, but also generated visible ethnopolitical tensions.

Political factors generally show border regions presenting higher risk to foreign investment and joint ventures than other regions of the Russian Federation. Not only are border regions – in contrast to hinterland regions – exposed to unique challenges of irredentism and territorial claims and, in some cases, the concomitant rise of ethnic armed revolts (e.g., in Chechnya, Dagestan, Krasnodar, Orenburg, and Primorski Krai), but they also have a lower proportion of ethnic Russians and a higher level of popular support for communists and xenophobic nationalists than the Russian average. This support is also reflected in a disproportionately large number of nationalist governors elected in the border regions (e.g., in Pskov, Kursk, Belgorod, Krasnodar, and Primorski Krai).

Socioeconomic and legal factors are mixed in the border regions, with higher levels of entrepreneurial capacity and activity and more favorable foreign investment legislation being seen than in Russia as a whole. However, concerning the crucial factor of endowment with natural resources – which has been among the strongest correlates of foreign investment in post-Soviet Russia – the border regions are disadvantaged. Consumption capacity in these regions is also somewhat lower than the Russian average, although not by a great deal. And while Russia, on average, had a deficit of favorable foreign investment laws (rating mean = -0.15 on a scale from –1 to 1), in the border regions, this deficit of favorable legislation has been smaller (rating mean = –0.03). These indicators support earlier findings by the business weekly Ekspert, according to which political and business actors in Russian regions are likely to compensate for a lack of natural resources with entrepreneurial activity and pro-investment legislation.

In addition, Russia’s border regions – in part due to Russia’s sheer size – are particularly vulnerable to deficiencies in trade-support infrastructure (including a lack of border crossings), communication problems, lack of access to key decision-makers and conflicting interpretation and enforcement of laws and regulations. These factors result in transaction costs of this type exceeding those incurred by someone doing business in Moscow, St Petersburg or central Russia.

This comparison of border regions with the rest of Russia also suggests that for Russia as a whole, international economic interactions are positively associated with (1) location away from the interstate borders; (2) population size; (3) smaller number of migrants and refugees; (4) percentage of ethnic Russian population; (5) smaller electoral support for communist and nationalist parties and
Mikhail A. Alexseev

20 politicians; and (6) natural resources. The same comparison indicates that entrepreneurial capacity and activity levels, foreign investment legislation, market capacity, and autonomous republic or region status are weakly, if at all, associated with levels of foreign investment and joint venture activities.

But whereas these conclusions are likely to apply to Russia as a whole, they do not necessarily explain vast discrepancies between Russia’s border regions with respect to their levels of international economic interactions. For example, while the mean volume of total foreign investment in Russia’s border regions in 1998 was US$55.5 million, the standard deviation was US$95.5 million. In 10 border regions during the same year, foreign investment was less than US$1 million in 1998, but in Omsk it reached US$452 million and in Krasnodar, US$320 million. The average number of new immigrants into Russia’s borderland regions from the CIS in 1998 was 6,433, with a standard deviation of 6,128. The levels of ethnic Russian population in these regions deviated from the mean by 25%, the vote for communist and nationalist parties by 13%, the number of joint ventures by approximately 100% and market capacity by 200% of the average value. Given that border location is a fixed factor, it appears to be important from both the research and the policy standpoints to assess how differences in other demographic, political, and socioeconomic conditions within border regions may affect the likelihood of their involvement in international economic interactions.

A simple correlation analysis of relationships between demographic, political, and socioeconomic factors and levels of international economic interactions within 39 Russian border regions (Table 2) suggests that population-based variables are most strongly associated with foreign investment and joint venture activities.

Indeed, all significant correlation (Pearson r) scores involve either population factors directly (as in population size, migration levels, and percentage of ethnic Russians) or indirectly (since market capacity is more likely to be higher in urbanized and more densely populated areas). Regression analysis of the same data – see interactive graphs in Charts 1 to 4 – shows that in 1998, variation in migration levels from the CIS to Russia’s 39 border regions accounted for 35% of the variation in the number of joint ventures and 31% of the variation in foreign investment volume. Variation in overall population size of the border regions accounts for 31% of the variation in the number of joint ventures and 20% of variation in foreign investment volume. Charts 5 and 6, in contrast, illustrate a surprisingly weak relationship between foreign investment and natural resource capacity (only 4% variation accounted for) as well as a complete absence of correlation between foreign investment and popular support for the parties strongly opposing international involvement.

The graphs show that the association between population and migration levels on the one hand, and investment and joint venture levels on the other, is consistently strong when both of these levels are low. In regions with a large population and more migrants, the association is less consistent. This suggests nevertheless that regions that restrict migration do not gain additional foreign

The correlates of international economic interactions within Russia’s border regions

A simple correlation analysis of relationships between demographic, political, and socioeconomic factors and levels of international economic interactions within 39 Russian border regions (Table 2) suggests that population-based variables are most strongly associated with foreign investment and joint venture activities.

Indeed, all significant correlation (Pearson r) scores involve either population factors directly (as in population size, migration levels, and percentage of ethnic Russians) or indirectly (since market capacity is more likely to be higher in urbanized and more densely populated areas). Regression analysis of the same data – see interactive graphs in Charts 1 to 4 – shows that in 1998, variation in migration levels from the CIS to Russia’s 39 border regions accounted for 35% of the variation in the number of joint ventures and 31% of the variation in foreign investment volume. Variation in overall population size of the border regions accounts for 31% of the variation in the number of joint ventures and 20% of variation in foreign investment volume. Charts 5 and 6, in contrast, illustrate a surprisingly weak relationship between foreign investment and natural resource capacity (only 4% variation accounted for) as well as a complete absence of correlation between foreign investment and popular support for the parties strongly opposing international involvement.

The graphs show that the association between population and migration levels on the one hand, and investment and joint venture levels on the other, is consistently strong when both of these levels are low. In regions with a large population and more migrants, the association is less consistent. This suggests nevertheless that regions that restrict migration do not gain additional foreign
This relationship holds true, disregarding Ingushetia, Dagestan, and North Ossetia as regions involved in violent ethnic conflict at some time in the 1990s.

The most striking finding of this analysis is that migration and refugee levels are often significantly and always positively correlated with levels of foreign investment in Russia’s border regions. One alternative explanation for this relationship is that migration affects international economic interactions because migrants come predominantly to regions with larger population and market capacity. This appears plausible, since migration from the CIS in 1998 strongly correlated with both population size \( r = 0.781 \) and market capacity \( r = 0.355 \), with less than 1 and 5% probability, respectively, that such relationships could occur by chance. And since investment and joint ventures are likely to favor areas with higher population and market capacity, any correlation between migration and foreign investment/joint ventures is likely to be spurious.

18 This relationship holds true, disregarding Ingushetia, Dagestan, and North Ossetia as regions involved in violent ethnic conflict at some time in the 1990s.

19 Population size also shows a strong and positive correlation with market capacity in Russia’s border regions, \( r = 0.583 \) at the 0.01 level of significance (2-tailed).


However, surprisingly enough, a multiple regression analysis of the effects of migration, population sizes, and market capacity on foreign investment and joint ventures in border regions indicates that migration is closely associated with investment and joint ventures even when adjusted for population size and market capacity (Table 3). Significantly, the analysis also shows that close to 40% (Tolerance = 0.375) of variance in migration levels is not accounted for by variance in population size and market capacity. Migration is related to investment and joint venture levels for reasons other than migrants coming to areas with larger and more prosperous populations. Apparently, the international money flow to Russia’s border regions is associated approximately as much with migrant flow as it is with population size and market (purchasing power) capacity. Surprisingly, we see that natural resource endowment and most factors associated with ethnopolitical conflict in border regions have practically no effect on international economic interactions.

What if migration follows foreign investment trends and not vice versa? The data (Table 2) is inconclusive on this score, but it can be interpreted as suggesting a positive correlation between population movements and levels of international economic activity in Russia’s border regions. If anything, several indicators suggest that migration is likely to take place before rather than after foreign investment happens. First, the correlation between the number of migrant arrivals from the CIS in 1998 and foreign investment volume in 1997 is less significant and weaker than the correlation between migrant arrivals and investment volumes in 1998. Correlation between direct foreign investment in 1997 and migrant arrivals in 1998 is statistically insignificant. Migration in 1998 is correlated more strongly with foreign investment for 1998 than with foreign investment for 1997 or with change in foreign investment volume from 1996 to 1998. Moreover, foreign investment continued to flow at a higher rate and more joint ventures were in operation in 1998 in those border regions that had a higher influx of forcibly resettled immigrants and refugees in 1996 and 1997 than others.

Most importantly – and regardless of the timing of migration in relation to investments – the data implies that the ostensibly destabilizing effects of migrant and refugee flows on local politics fail to deter foreign investment in Russia’s border regions. If the deterrence effect obtained, we would expect to see decreases in foreign investment in regions with higher refugee in-flows in previous years, but that has not been the case. These findings are counterintuitive, given that migration, particularly in the border regions, has been associated with political instability, interethnic hostility, social tensions, job competition and threats to Russia’s territorial integrity. Not only have these problems repeatedly made the headlines in Krasnodar, the non-Russian ethnic republics of the North Caucasus, Orenburg, Omsk, Amur, Khabarovsk, and Primorski Krai, but they have also contributed to what Galina Vitkovskaya of the Moscow Carnegie Center calls “migrant phobia” in Russia as a whole. In a 1997–1998 opinion survey, she found that of 771 respondents in Orel, Ryazan, Voronezh, Saratov, and Rostov, 35% saw the arrival of migrants as a negative development, compared to 31% who saw migration in a positive light (with 26% saying they were indifferent and 8% “don’t knows”). In a follow up survey in the Tver region in late 1998, 44% of 152 respondents expressed negative attitudes toward migrants from the CIS.21

Table 3. Linear Regression with Backward Elimination: Comparing the Impact of Migration, Population, and Market Capacity on Foreign Investment and Number of Joint Ventures in Russia’s Border Regions

<table>
<thead>
<tr>
<th>Foreign Investment (1998)</th>
<th>Model 1a</th>
<th>Model 2b</th>
<th>Model 3c</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>0.573</td>
<td>0.570</td>
<td>0.553</td>
</tr>
<tr>
<td>R Square</td>
<td>0.329</td>
<td>0.325</td>
<td>0.306</td>
</tr>
<tr>
<td>R Square change</td>
<td>0.329</td>
<td>-0.004</td>
<td>-0.019</td>
</tr>
<tr>
<td>F Statistic</td>
<td>5.711</td>
<td>8.659</td>
<td>16.29</td>
</tr>
<tr>
<td>Significance</td>
<td>0.003</td>
<td>0.001</td>
<td>0.000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Joint Ventures (1998)</th>
<th>Model 1a</th>
<th>Model 2b</th>
<th>Model 3c</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>0.617</td>
<td>0.612</td>
<td>0.590</td>
</tr>
<tr>
<td>R Square</td>
<td>0.381</td>
<td>0.374</td>
<td>0.348</td>
</tr>
<tr>
<td>R Square change</td>
<td>0.381</td>
<td>-0.007</td>
<td>-0.026</td>
</tr>
<tr>
<td>F Statistic</td>
<td>7.183</td>
<td>10.751</td>
<td>19.718</td>
</tr>
<tr>
<td>Significance</td>
<td>0.001</td>
<td>0.000</td>
<td>0.000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tolerance (collinearity diagnostic):</th>
<th>Population 96</th>
<th>Market Capacity 97</th>
<th>CISMIG98</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.283</td>
<td>0.634</td>
<td>0.375</td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>0.874</td>
<td>0.874</td>
</tr>
<tr>
<td></td>
<td>–</td>
<td>1.000</td>
<td>1.000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Predictors: (Constant), MartCap97, CISMIG98, Poopulation96</th>
<th>Predictors: (Constant), MartCap97, CISMIG98</th>
<th>Predictors: (Constant), CISMIG98</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>b</td>
<td>c</td>
</tr>
</tbody>
</table>

20 Backward elimination is a variable selection procedure in which all variables (in this case, migration, population sizes, and market capacity) are entered into the equation and then sequentially removed. The variable with the smallest partial correlation with the dependent variable is removed first. Partial correlation represents the remaining correlation between two variables after removing the correlation that is due to their mutual association with the other variables. It is the correlation between the dependent variable (in our case, foreign investment or the number of joint ventures) and an independent variable when the linear effects of the other independent variables in the model have been removed from the independent variable. In our model, population size had the smallest partial correlation and met removal criteria to be eliminated from the model first. After that, market capacity was the remaining variable with the smallest partial correlation and was removed from the model.

The counterintuitive nature of the relationship between migration and foreign investment/joint ventures calls for a more differentiated and critical re-assessment of conventional views on, and official and public perceptions of security implications of cross-border migration for international economic interactions in Russia’s border regions. Another task is to identify plausible causal linkages that could make migration an engine of international economic interactions on the outer rim of Russia despite concomitant insecurity.

Perceptions of migration, security, and economic interest in Russia’s border regions

Security perceptions are a critical factor in the impact of cross-border migration on international economic interactions. Not only is political, social, and economic destabilization likely to discourage foreign investment, but it is also likely to elicit local responses hostile to any kind of foreign penetration of any given region. If this negative synergy prevailed, then indeed migration would negatively affect international economic activities in Russia’s border regions. According to the data, this is rarely the case in these regions; therefore, we need to explore (1) what specific security challenges are associated with migration; (2) how these challenges relate to economic interests, ethnic stereotypes, and perceptions of migrant activities in the regions; and (3) what characteristics associated with migrants are likely to contribute positively to local economic development, thus improving investment and business climate.

4.1 Migration and insecurity

1. Migration as a source of ethnic-based or “essentialist” conflict, or conflict derived, in the words of Clifford Geertz, from clashing “congruities of blood, speech, and custom.” Migration is likely to generate social tensions when ethnically disparate groups come into contact and start asserting their cultural

Mikhail A. Alexseev

30

(ethnic-based) lifestyle and goals. 23 Interethnic relations have been at issue in migrant flows to Russia’s border regions in the Far East, Siberia, the Urals, North Caucasus, and, to a lesser degree, in the Kola Peninsula.

In the Amur, Khabarovsk, and Primorski Krai, ethnic Chinese and Korean migrants (most of whom are PRC nationals) comprise a racially distinct and readily identifiable minority with a culture and history that local Slavic residents understand little. Even though the size of these (predominantly trader) migrant groups has been assessed at no more than 0.3% to 1.5% of the local Russian population, 24 these “essential” racial and cultural differences between the Russians and the PRC migrants would be expected to evolve into conflict. As the 1999 poll of 430 Chinese migrants in Moscow, Khabarovsk and Primorski Krai showed, they predominantly come to Russian border regions for short periods of time and have little interest in learning the Russian language or becoming culturally “Russified.”

At the same time, the majority of local Russians in Primorski Krai, in an opinion survey of 1’010 local respondents in September 2000, viewed Chinese migrants as distant, socially undesirable and fiercely protective of their cultural values. Asked about stereotypes contrasting Chinese migrants from Russians, twice as many respondents saw the Chinese as more hardworking, entrepreneurial, and greedy; three times as many respondents saw them as shy; and almost 20 times more respondents saw them as less generous than ethnic Russians. Moreover, 56% of respondents disapprove of their relatives marrying Chinese citizens. Another 50% believe that Chinese migrants in Primorski Krai cannot be assimilated (only 4.7% of respondents approved of Russian-Chinese marriages). In other words, the perception is that if Chinese migrants settle down in the area they will not play by local Russian rules but gradually impose their own way of life and will ask for autonomy and protection from across the border. In fact, the correlation between opposition to one’s relatives marrying Chinese citizens and support for complete closure of the Russian-Chinese border is statistically significant (with less than 5% probability that this association can happen by chance). 26

A January 1996 memorandum (spravka) to President Yeltsin’s administration written by the then presidential representative in Primorski Krai, Vladimir Ignatenko, suggested that local officials became concerned over long-term prospects of the changing ethnic balance in the region: “As a result of emigration in 1995, the Krai has 4,700 fewer Russians, 700 fewer Ukrainians, and 400 fewer Belorussians. At the same time, our population increased through the influx of ethnic Koreans (1,500), Chinese (1,300), Armenians (400), and Azeris (200).”

In the autonomous republic of Buryatia, located in Siberia to the southeast of Lake Baikal along the Mongolian border, net migration from 1991 to 1997 resulted in an outflow of 2,400 Russians, 3,200 Ukrainians, 600 Belorussians, 200 Latvians and Lithuanians, and 200 Kazakhs, but in a large net influx of ethnic Buryats. In 1996, for example, the ethnic Buryat population increased by 1,000 people through migration within the country. According to a micro-census of Russia conducted in 1994, the number of Ukrainians in Buryatia per 1,000 inhabitants decreased by 43% compared to 1989, the number of Belorussians decreased by 50%, the number of Tatars decreased by 21%, and the number of Russians decreased by 4%. At the same time, the share of Buryats in the population increased by 19%. Net migration thus contributes to the projected increase of the ethnic Buryat population relative to other ethnic groups in an autonomous republic located across the border from the Buryat ethnic kin, the Mongols. 28

In some regions, such as Omsk, immigrants have been predominantly Slavic and did not change the balance in favor of other ethnic groups. In Omsk, nearly 90% of 4,523 registered forcibly resettled immigrants and migrants who arrived from January 1 to December 1, 1998 were ethnic Slavs (78% being ethnic Russians and 10% ethnic Ukrainians) and about 4% were Russian Germans. 29 But in Orenburg region, bordering on Kazakhstan, 80% of the 5,477 registered immigrants in 1998 were Russians and Ukrainians, and 10% were ethnic Tatars – showing that while the proportion of ethnic Slavic arrivals was exactly the same as the proportion of Slavic population of the region, the number of ethnic Tatar arrivals was larger than the existing proportion of ethnic Tatars (6.9%) in Orenburg. Moreover, the local migration service officials in Orenburg raised concern over the in-


creasing influx of ethnic Afghans (546 illegal migrants from Afghanistan were detained in Orenburg in 1997, and over 700 in 1998). The migration service also registered increasing (albeit very slightly increasing) migration from Sri Lanka (3% in 1997 and 98 in 1998), Pakistan (7% in 1997 and 45 in 1998), as well as from China and Bangladesh. Local officials also became concerned that with the sale of Aktiubinsk Oil Co. shares to the China National Oil Company and the planned construction of the Aktiubinsk-Urumqi pipeline, the surge of Chinese migrants to neighboring Kazakhstan would also spill over to Orenburg.30 The emergence of compact groups of Chinese migrant laborers working in agriculture has been reported in the Omsk region in 1997.31 While concerns over large-scale ethnic Chinese influx so far have failed to materialize, authorities in Orenburg in August 2000 reported the rising influx of illegal migrants from Pakistan and Afghanistan. They cited Kazakh official reports saying that in 1999, 1,087 Afghans officially arrived in Kazakhstan but only 310 of them returned. Most of the rest are believed to have traveled on to Russia, in part through Orenburg.32 This trend also makes Astrakhan, Volgograd, and Saratov regions vulnerable to the influx of illegal South Asian migrants.

In Rostov region (North Caucasus), the influx of 11,650 forcibly resettled migrants and refugees from 1992 to 1997 included sizeable groups of Chechens who formed compact “Vainakh” communities (the word “Vainakh” being used by Chechens and Ingush to mean “our people”) in Orel and Zimovniki counties (rajon) and of Meskhetian Turks who arrived in the course of their repatriation from Central Asia back to Georgia. The repatriation of the Turks stalled in the 1990s due to the civil war in Georgia and the outbreak of mass violence in Akhazia. The local migration service also registered an increasing number of residency applicants from Afghanistan, Tajikistan, Congo, former Zaire, Burundi and Uganda (especially from among former students in Russian universities) in 1997.33 In Adygeya (an autonomous republic embedded in the Krasnodar Krai), multiethnic immigration between 1992 and 1999 resulted in as much as 10% net change in the ethnic composition of the local population. During that period nearly 104,000 officially registered migrants arrived in the republic — a flow approximating a quarter of Adygeya’s 1991 population of 437,000. As the data in Table 4 shows, in this large migrant in-flow, the share of Adygs (the titular ethnic group) was 9% less than their share of the local population in 1989, and the share

### Table 4. Ethnic Composition of Migrant Arrivals in Adygeya, 1991-1998

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Adygh</td>
<td>17'186</td>
<td>16.5</td>
</tr>
<tr>
<td>Russian</td>
<td>70,256</td>
<td>67.6</td>
</tr>
<tr>
<td>Ukrainian</td>
<td>4,641</td>
<td>4.5</td>
</tr>
<tr>
<td>Armenian</td>
<td>3,643</td>
<td>3.5</td>
</tr>
<tr>
<td>Tatar</td>
<td>1,020</td>
<td>1.0</td>
</tr>
<tr>
<td>Belarusian</td>
<td>917</td>
<td>0.9</td>
</tr>
<tr>
<td>Germans</td>
<td>639</td>
<td>0.6</td>
</tr>
<tr>
<td>Chechens</td>
<td>393</td>
<td>0.4</td>
</tr>
<tr>
<td>Greek</td>
<td>867</td>
<td>0.8</td>
</tr>
<tr>
<td>Chechens</td>
<td>55</td>
<td>0.1</td>
</tr>
<tr>
<td>Abkhaz</td>
<td>78</td>
<td>0.1</td>
</tr>
<tr>
<td>Kurds</td>
<td>49</td>
<td>0.0</td>
</tr>
<tr>
<td>Other</td>
<td>4,241</td>
<td>4.1</td>
</tr>
</tbody>
</table>


In Krasnodar Krai, authorities expressed concern over the increasing number of Meskhetian Turks who first arrived in the area in the mid-1980s after being hired as loggers. These workers were then joined by Meskhetian Turks being repatriated to Georgia. At the end of April 1985, the Krasnodar police department registered 133,338 Meskhetian Turks in Krasnodar. Whereas they comprised only 0.27% of the Krai population at the time, their compact settlements in rural areas resulted in significant shifts in ethnic composition, as their numbers reached 6.6% of population in Krym county, 1.9% in Abinsk county, and 1.5% in Apsheron county.34 The influx of the Meskhetian Turks continued in the late 1990s, causing Vladimir Beketov, chairman of the legislative assembly of Krasnodar Krai, to complain that the territory had turned into “a revolving door [prokhozhdnoi dvor]” for migrants. Moreover, Beketov suggested that over time the proportion of Meskhetian Turks would increase through exponentially higher birth rates than

---


those of ethnic Russians in the area: “They [the Turks] have large families; 10–12 children is the norm. And the Slavic population is decreasing. In many villages, for every thousand newborns already 500 of them are Turks.”

Elsewhere in the North Caucasus, the border regions in the 1990s became the scene of massive refugee crises caused by the two wars in Chechnya. In Ingushetia, anywhere between 100’000 and 300’000 refugees from Chechnya temporarily took up residence in a republic where the local population considers itself to be ethnic kin of the Chechens, suggesting lesser proclivity for ethnic-based tensions. Similarly, the Avars, constituting about 27% of the population of Dagestan, consider themselves to be “elder brothers” of the Chechens, several tens of thousands of which arrived in Dagestan as refugees from the 1994–1996 war in Chechnya. However, over 30’000 Chechens took refuge in Kabardino-Balkaria, a republic populated predominantly by a more distant Caucasian ethnic group, the Kabarda (48.8% in 1989), as well as ethnic Russians (37.8%) and a Turkic group, the Balkars (9.3%). The refugee flow from Chechnya, consisting predominantly of ethnic Russians and Chechens, was also accompanied by a movement of Armenians and Greeks into Kabardino-Balkaria.

Few ethnic Chechen refugees came to North Ossetia, but the latter nevertheless ranked second in the Russian Federation in terms of the number of refugees. (Ingushetia ranked first). According to the official data for January 1998, North Ossetia had 565 refugees and forcibly resettled immigrants per 10’000 permanent residents – seven times more than the Russian average. These migrants, totaling 38’000 at the start of 1998, were predominantly Ossetian (88%), 29% more than the 1989 proportion of ethnic Ossetians. This gain was mainly at the expense of ethnic Russians who constituted only 6% of migrant arrivals, 25% less than the 1989 proportion of ethnic Russian residents in North Ossetia.

In the Western part of Russia, the interethnic dimension of cross-border migration has been much weaker. Ethnic differences between Russians, Ukrainians and Belorussians are less prominent than between Russians and the Chinese or the ethnic groups of the Caucasus. In Kaliningrad, the immigration of ethnic Germans, Poles, and Lithuanians has been insignificant, as has been the influx of Latvians and Estonians into Pskov. In Karelia, ethnic proportions changed somewhat more visibly, but primarily as a result of the emigration of approximately 20’000 ethnic Finns (known in Finland as Ingermanlandian Finns) from 1991 to 1998.

2. Migration as a source of the “nested minorities” problem. Migration may become politically destabilizing regardless of the size of migrant flows and ethnic difference between the migrants and the local population. Political realists have argued that as nationalism rises, so does the probability of violent conflict. From that perspective, cross-border migration of an ethnically distinct group (such as the Chinese nationals in Primor’e, Khabarovsk, and Amur), creates a de facto interstate border that cuts through nation boundaries and increases demographic intermingling. As a result, tensions are likely to rise among the different social groups, since both nation-bisecting borders and demographic intermingling, as Stephen van Evera puts it, “entraps parts of nations within the boundaries of states dominated by other ethnic groups.” The “truncated nation” thus has an incentive for expansionism and the “entrapping nation” faces a security dilemma favoring preemptive coercive action against the cross-border migrants. As hostility perceptions spiral on both sides, interstate relations are prone to deteriorate without warning. For example, with 2.2 million ethnic Slavs in Primor’e facing approximately 38 million ethnic Chinese in the neighboring Heilongjiang province, one would expect this security dilemma to have a strong impact on Russian policymakers (both in Primor’e and in Moscow). In such a case, the Chinese state representing the “truncated nation” (Chinese migrants) would find it problematic to send credible signals of peaceful intentions to actors in Russia as the “entrapping nation” who have compulsory measures at their disposal – a situation known as the “commitment problem.” Yergin and Gustafson in “Russia: 2010” discussed a scenario where tensions between Russia and China escalated and lead to violent conflict as a result of overreaction to very much the same “nested minorities” challenge. This problem has caused many Russians in the Far East to fear cultural “Chinafication” (kitaizatsiia) leading to “reunification” with China.

Symptomatically, an opinion survey designed by the present author and conducted in September 2000 by the Center for the Study of Public Opinion at the Vladivostok Institute of History, Ethnography and Archeology of the Russian Academy of Sciences shows that local Russians significantly overestimate the scale of Chinese presence in Primor’e. The survey was conducted among 1010 respondents selected randomly from six locations within Primorski Krai. When asked what proportion of the Primorski Krai population was Chinese, 46% of respondents excluding the “don’t knows” said the share of Chinese among the total population amounted to 10–20% (modal response). In reality, the number of Chinese migrants in 1999–2000 fluctuated between 0.3 and 1.5% of the local population. Looking to the future, most respondents (41%) said the proportion of ethnic Chinese would grow to 20–40% in 5–10 years, while another 20% said it would become 40–60%. Moreover, this survey reveals a strong perception that Chinese migration in Russia’s southernmost Pacific province is much more likely to increase than to stay the same or decline in the next 20 years. For example, respondents who estimated that at present up to 5% of the local population was Chinese are most likely to believe that 10–20% of the local population would be Chinese in 5–10 years (correlation coefficient, R = 0.6). The same holds for those who said this proportion would be 10–20% in 5–10 years, and then rise to 20–40% in 10–20 years (R=0.55). Figure 1 graphically illustrates this prevailing perception that Chinese migrants will continue to arrive.

The widely held view in Primor’e that China is nursing territorial claims on the Russian Far East is a manifest illustration of the feeling of insecurity. Excluding the “don’t knows,” almost 82% of respondents believed that Chinese see Primorski Krai as historically belonging to China, and 74% of respondents feel that China will, in the long-run, annex Primorski Krai or parts of it. Perceptions of threat of a Chinese takeover also fit into a “tidal wave” pattern similar to the perception of increasing migration. For example, most respondents believe that military clashes with China over border territories – such as the one at Damanski Island in March 1969 – are unlikely at present. In the next 5–10 and 10–20 years, however, they see such military conflicts as more likely than not (Figure 2). The shadow of the future is rather dark for Primor’e residents – the more they look ahead, the greater their anticipation of hostile actions by China.

Political leaders in Primorski Krai for their part have expressed concern over Chinese leaders’ allegedly harboring long-term intentions to annex large territories in the Russian Far East. The vice-governor of Primorski Krai, Vladimir Stegni,
linked this concern to his estimate that by 2050, China’s population growth will overextend that country’s capacity, requiring territorial expansion to satisfy the need for water, air and land. Besides, Stegnii does not trust the political intentions of Chinese leaders: “In China, no one has dismantled Mao’s political precepts – Mao’s portraits have not been taken down in public places. And these precepts include Mao’s view that 1.5 million hectares of territory stretching from Lake Baikal to the Pacific are China’s ‘Great Northern Virgin Lands’ waiting to be developed some day by and for the Chinese people.”44

Similarly, the deputy governor of Omsk, Alexei Kazannik, insisted on the plausibility of gradual “Chinafication” of the “Middle Irtys River Basin” (Srednee Priirtysh’e) through the following mechanism: “Chinese migrant – Chinese cultural center – Chinese company – Chinese worker – Chinese soldier.” Representing these perceptions on the part of a significant segment of Russian regional elites, an article in Pravda (published in late 1997 under the title “The Weakening Fingers in the Nuclear Fist”), quoted an unidentified high-ranking Russian official who reported being told this by the late Deng Xiaoping: “Today you and we must resolve small-scale problems related to our interstate border. After that we shall advance no claims to you, but only till 2010.” Observers in Omsk noted that shortly before 2010 the bulk of Russia’s Cold War arsenal of intercontinental ballistic missiles would be decommissioned. “So, are we going to see that Chinese soldier here after all?” asked one local analyst, reflecting the lack of trust on behalf of local Russians of China’s leaders’ commitment to the 1991 border demarcation treaty.45

The “nested minorities” problem has also challenged republics in the North Caucasus with a sizeable Chechen diaspora. Given the permanent military operations against pro-independence Chechen forces, this challenge is likely to persist. For Moscow’s part, rapid overreaction to the perceived issue of “nested minorities” (exemplified by Chechen incursions into Dagestan and, historically, by the Avars and the Chechens joining forces against Moscow) translated into disproportionate use of force on the grounds that Russia was under tangible threat of the Chechen drive for independence spreading to areas populated by ethnically and culturally proximate groups, especially in Dagestan. In turn, massive violence in Chechnya increased perceptions of insecurity among top officials in the adjacent Russian regions. In Krasnodar, the Meskhetian Turks (who, like the ethnic Chinese migrants in the Far East, comprise around 1% of the local population) came to be perceived by high-ranking policymakers as a potentially destabilizing “truncated nation” on the grounds of their ethnic origin, religion (they are Muslims), and their alleged association with NATO powers (of which Turkey is one) supposedly seeking to destabilize the North Caucasus. Vladimir Beketov, chair-

44 Interview by the author, Vladivostok, 15 August 2000.

Under these circumstances, external forces always find a way to destabilize the situation in a strategically important region of Russia, the south, and drive us back from the Black Sea and deprive us of the most important ports and bases, resorts, etc. It is already obvious who, which foreign centers, underwrite the conflict in Chechnya. It is possible to suggest that certain Islamic centers or more exactly, extremists and separatists, for whom Islam is only a cover, are fostering the conditions for the development of such events in the Kuban.46

In North Ossetia, the arrival of one of the smallest groups of migrants, the Ingush, (2’200 from August 1994 to September 1998) triggered outbreaks of violence in July 1997 and in September 1998 (the latter riots following the murder of 5 Ossetian policemen), whereas numerically large shifts in ethnic composition due to migrant flows of Ossetians from Georgia proceeded peacefully.47 Ingush migrants were perceived as “a truncated nation” that made irredentist claims to Prigorodnye county in North Ossetia by sole virtue of their arrival.

3. Migration as a source of “security dilemma,” when the absence of central authority (or the onset of “structural anarchy”) forces actors to measure their security relative to the rise or decline of the perceived capabilities of other actors.48 From this perspective, the rapidly increasing migration carries destabilizing potential throughout post-Soviet Russia due to the weakness of political institutions and rules of enforcement after the collapse of Communism and due to economic hardship and lack of capital for institution-building. In the border regions – especially due to remoteness, poor communication, lack of infrastructure, and what one official in Vladivostok called “feudal fieidm mentality” among local officials49 – one

49 Interview by the author with Sergei Pushkariev, Head of the Federal Migration Service for Primorskiy Krai, 15 August 2000.
would expect insecurity to arise out of a sense that officials lack the institutional capacity to control migration flows and related problems. Not surprisingly, the Russian Far Eastern regions after the fall of communism have been described as “the Wild East.” These insecurities are particularly likely to emerge along Russia’s borders in Asia and in the Caucasus, given the absence of international institutions that individual states could use to mediate or resolve grievances in these areas. This logic of insecurity is consistent with a classic security dilemma under structural anarchy.50 Perceptions of uncertainty and ambiguity are then likely to engender edginess, tensions, and instability.51

Consistent with this view, the Primorski Krai officials have been concerned not so much about the size of Chinese and Korean migration as about the lack of institutional capacities to regulate the flow of people across the border. According to Lieutenant-Colonel Viktor Plotnikov, deputy head of Primorski Krai’s Visa and Registration Department of Russia’s Interior Ministry:

We do not see ‘the yellow peril’ rising as yet, but we do see problems. One of them, a very acute one, is lack of personnel and technical means to regulate border crossings. For example, according to the law signed on December 18, 1992, Chinese tourists are allowed to enter Russia without visas if they enter as part of a tourist group. They then may enter Russia 8 or 10 times whereas their passports are issued only for one trip. We also know cases of one person entering on different personal identification papers. We have little capacity to monitor and control all that. That is why we are concerned about illegal migration.

And while taking pride in having recently closed “two secret channels for Chinese migrant traffic to Europe and Japan,” Plotnikov still lamented the lack of capacity to close other such channels that he believed remained operational.52

In Orenburg region, an opinion survey of 550 local residents conducted in January 1999 found that 19% of respondents – 8% more than in surveys conducted from 1996 to 1998 – believed that interethnic tensions and conflicts were likely to evolve in the region. The same survey found that in contrast to the 1996–1998 surveys, the number of respondents considering that the government completely ignored the interests of their ethnic group (and hence considering government institutions to be incapable of addressing their grievances) also increased by 9%. This data suggests that perceptions of declining government capacity in the Orenburg region are likely to be associated with perceptions of increasing ethnic tensions. Ethnic minorities among respondents expressed particularly strong concerns about the likelihood of interethnic conflicts, including 22% of ethnic Kazakh respondents, 23% of ethnic Ukrainian respondents, and 32% of respondents categorized under “other nationalities.”53

In Rostov region, one academic observer characterized the processing of migrant arrivals as “chaotic and practically unpredictable” due to the absence of an effective deportation mechanism and of a temporary housing center for new migrants, as well as due to deficiencies of the migration law.54

The breakdown of the Soviet centralized healthcare system prompted Russian officials to associate migrant influx with uncontrollable epidemics. According to experts at the Russian Ministry for Civil Defense and Emergencies, the border regions of Orenburg, Saratov, and Kaliningrad, as well as Irkutsk (located close to the Mongolian border) are exposed to the most acute HIV infection problems. In the border regions of Novosibirsk and Chelyabinsk, the ministry expects the occurrences of hepatitis B and C to rise. The ministry commented: “Exotic diseases are possible because of permanent immigration.” No other causes were suggested.55

Russian criminologists also raised concerns that the lack of capacity in Siberia and the Far East to control the flow of immigrants from the Caucasus and Central Asia contributes to the conversion of Russian border regions to trafficking hubs for hemp, opium, heroin, cocaine, and ephedrine. In the Far East, expert assessments indicate that drug abuse rates increased by 24% in 1997 and that the trend continued thereafter. The drug business, in turn, has been associated with rising crime rates and subsequently with social instability. According to V. Chernysheva of the Far Eastern State University in Vladivostok, 90% of the thieves, robbers, swindlers and car thieves in the region are drug users.56 Migrants in Adygeya were also reported to be engaged in illicit arms trade and drug trafficking, thus raising crime rate.57

52 Interview by the author, Vladivostok, OVIIR headquarters, 2 June 1999.
4. Migration as a source of relative deprivation – conceivably regarded as an economic implication of the security dilemma. Relative deprivation often has more to do with perceptions than with the actual economic situation. Relative deprivation is likely to be perceived when sectors associated with a different ethnic group experience economic growth, threatening to accentuate and aggravate ethnic grievances, especially amidst general economic decline and scarcity, as in Russia. Given limited resources and unequal access, groups are likely to “conclude that they can improve their welfare only at the expense of others” and opt for nationalism. Russians in the border regions would thus mobilize not because Korean, Chinese, Tatar, Buryat, Chechen, or Armenian migrants were entering their area in large numbers, but because these groups more than the local Russians would be seen as more likely to succeed economically and to translate this success into political leverage.

In my research of Chinese immigration to Primorski Krai, most respondents in the September 2000 opinion survey felt that the Chinese were receiving the net benefits of cross-border economic exchanges. If Russian compatriots were to benefit, respondents believed, they were mostly likely to be smugglers. This is how Primor’e residents evaluated the relative gains of the main actors in cross-border trade with China:

<table>
<thead>
<tr>
<th>Percent Saying That:</th>
<th>Russians Gain a Lot</th>
<th>Chinese Gain a Lot:*</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Shuttle” traders (private citizens)</td>
<td>59% (15%)</td>
<td>74% (15%)</td>
</tr>
<tr>
<td>Private companies (businesses)</td>
<td>50% (26%)</td>
<td>56% (31%)</td>
</tr>
<tr>
<td>Government budget</td>
<td>24% (27%)</td>
<td>45% (35%)</td>
</tr>
<tr>
<td>Smugglers (illicit traders)</td>
<td>73% (19%)</td>
<td>73% (22%)</td>
</tr>
</tbody>
</table>

N=1,010

* The sum of responses with scores of 3 and 4 on a 0 to 4 scale, as percentage of the total. The number of “don’t know” responses as percentage of the total is in parentheses.

In other words, Russian respondents felt that the benefits of economic exchanges with China disproportionately benefited Chinese citizens and the Chinese government, as well as a small group of smugglers on both sides. In response to another survey question, only 7% of respondents said they had visited China – suggesting that shuttle trade on the Russian side and its benefits are restricted to a relatively small proportion of the population. The majority of the local Russian public feels deprived compared to these groups.

Commenting on the issue of relative gains, Vice Governor Stegnii said: “No doubt the Chinese gain more. Compare the border towns of Suifenhe and Grodekovo. Both were deep holes in 1989. I visited Suifenhe in 1989. It had one hotel, called ‘Intourist,’ that had bed linens so dirty they were black, with some hair left over from previous guests. In my room there were two glass jars: one with drinking water, the other serving as a toilet. You know how dramatically things have changed for the better there. [At present, Suifenhe is a bustling trading city, with mirror-glass office buildings, nicely paved streets, and luxury hotels]. But in Grodekovo, nothing has changed, except that the restrooms have become a bit cleaner.” In addition, the fact that Chinese traders sell cheaply made, fake Adidas shoes and Nike track suits in large numbers in Primor’e drives home a perception among local Russians that their economy is inferior overall. Stegnii commented: “My wife and daughter went to the US once and each bought a nice dress there. The higher the living standards here, the less the need for trade in consumer goods with China.”

Perceptions of relative deprivation are intimately linked to perceptions of hostile political intent. Yuri Shevchuk, counsel to the Ussuriisk county government, complained that Chinese traders were taking advantage of Russia’s economic difficulties by selling inferior manufactured goods and purchasing “strategically valuable resources” such as aluminum, copper, bronze, rare-earth metals and timber for export outside of Russia. Moreover, according to the chief of the Pacific Directorate of the Russian Federal Border Service, General Tarasenko:

[Chinese] tourists pose another threat – while on the territory of the Russian Federation, they are investing the proceeds of their commercial activities into real property, securities, and contraband (smuggling out sea cucumbers, ginseng roots, rare-earth metals, and classified weapon samples). As you realize, such activities of Chinese nationals affect the demographic, economic, military, and other aspects of Russia’s national interest in this region. These activities are explicitly aimed at undermining Russia’s security.

Similarly, in Krasnodar, strong perceptions of relative deprivation of ethnic Russians have been associated by the chairperson of the regional Duma, Vladimir Beketov, with threats to Russia’s sovereignty:

The [social sphere of the Krai] is overburdened. We do not have enough places in schools, kindergartens, and hospitals. Unemployment is growing. And that is feeding crime. It is no secret that migrants inclined toward trade in weapons and narcotics. But the Krai’s budget is not the main problem. The chief problem is the future of the country, it’s unity. Of course, this situation is being controlled, but if all migrants are given registration for a place to live – and they are demanding this more insistently – then everything will become even more unpredictable. These Meskhetian Turks will certainly get hold of the real levers of power and head the local organs of self-rule. What then? Welcome to the Islamic Republic of the Kuban?

Even when perceptions are not politicized or linked to security issues in this fashion, reports from the Russian border regions indicate that migrants do create additional demands on limited resources. Since these demands cannot be fully satisfied – if they are addressed at all – while requiring outlays from local budgets, perceptions of relative deprivation are likely to arise on both sides. In the opinion survey by Galina Vitkovskaya carried out in six Russian regions (including the border regions of Voronezh, Rostov, and Saratov), 28% of 771 respondents complained that migrants “seek benefits of limited availability” (defitsitye blaga). About 13% of respondents said that migrants took housing that was in short supply, another 13% said migrants were taking their jobs, and 10% complained that migrants “live better than we do, but ask for assistance.”

In reality, however, the migrants are clearly worse off. In the survey of 888 forcibly resettled migrants, conducted in the same regions, Vitkovskaya found that only 48% of them found full-time employment after resettlement (78% were employed full-time before forced migration). Only 20% of migrant respondents said they were given housing in large cities, 29% in small towns, and 35% in the rural areas. Others remained in temporary shelters, most in substandard sanitary conditions.

4.2 Insecurity, ethnic stereotypes and economic incentives

My research in Primorski Krai focused on the linkage between perceptions of security, stereotypes of ethnically distant groups, and economic incentives, on the one hand, and policy preferences, on the other. The results suggest several explanations as to why migration would be unlikely to deter international economic interactions in border regions, even in a politically uncertain environment.

First, the public and officials appear to compartmentalize issues and carefully distinguish between various types of challenges and opportunities associated even with complex and controversial problems such as migration and interethnic relations. On the negative side, this propensity results in support for sometimes mutually exclusive types of responses to migration and associated security challenges. But on the positive side, in the absence of massive violent cataclysms involving migrants or of ethnopolitical conflict (such as in and around Chechnya), officials and the public appear willing and capable of capitalizing on economic opportunities presented by the cross-border flow of people. Systematic data from my survey illustrates this tendency (Table 5). A large segment of respondents who supported tough political measures against migrants (such as deportation and a ban on residency rights) did not support anti-migrant economic measures (such as raising taxes on shuttle-trade, restricting trade, and banning migrant labor).

<table>
<thead>
<tr>
<th>Response Type</th>
<th>All Issues</th>
<th>Political (deportation, residency rights)</th>
<th>Military (paramilitary groups, arms sales)</th>
<th>Economic (taxes, trade regulation, labor, land)</th>
<th>Social (tourism, marriage, Chinatowns)</th>
<th>Cultural (language, cultural centers, media, exchanges)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative</td>
<td>49.8</td>
<td>83.56</td>
<td>63.7</td>
<td>54.8</td>
<td>44.4</td>
<td>12.4</td>
</tr>
<tr>
<td>Positive</td>
<td>26.1</td>
<td>8.2</td>
<td>15.4</td>
<td>22.6</td>
<td>27.3</td>
<td>63.2</td>
</tr>
<tr>
<td>Neutral</td>
<td>24.1</td>
<td>8.3</td>
<td>21.0</td>
<td>22.6</td>
<td>28.3</td>
<td>24.4</td>
</tr>
</tbody>
</table>

Whereas the data shows that Russians in Primor’e prefer predominantly hostile policy responses to Chinese migration, these preferences are heavily issue-dependent. Preferences for hostile responses are strongest on political issues. Most respondents are adamantly opposed to Chinese nationals to obtain residency rights in Russia and there is a strong preference for completely (25%) or partially (39%) closing the Russian-Chinese border. Preferences become more complex and differentiated as we move toward military, economic, social, and cultural issues, in that order, as Table 5 shows. On the one hand, 84% of respondents want to forbid Chinese nationals from ever owning land in Primor’e and 60% of respondents want to ban the use of migrant labor. On the other hand, much fewer respondents support negative measures against Chinese traders (36% of the sample) and fewer still (27%) support increasing taxes and duties on Chinese goods, the shoddy quality of which most respondents complain about. Two inputs appear to prompt these preferences systematically – the physical presence of Chinese people in Primor’e and the degree of control over their presence. The most hostile responses are associated with the supposedly uncontrolled presence of Chinese people in Primor’e, current or anticipated.

67 Ibid.
Hence, popular demands can be heard to close the borders, to set up paramilitary units to assist police in detaining illegal migrants, to abolish residency rights for migrants, to deport illegal migrants, to ban Chinese land-ownership, to restrict the import of Chinese labor, and to ban Russian-Chinese marriages (even though only a handful of such marriages have been registered in Primorski Krai and most of the couples in question have moved to China). Conversely, increasing the number of Chinese language classes, controlled cultural exchanges and organized tourism are supported by most respondents. Chinese cultural centers set up under control of local authorities are supported, but most respondents opposed the settlement of Chinese immigrants in distinctive parts of town that would be perceived as centers of independent Chinese activities.

Second, amidst these fragmented and compartmentalized perceptions, the gap between perceptions of security issues associated with migration on the one hand and perceptions of threat to respondents and policy preferences on the other is wide. Thus, respondents who believed that the military balance between Russia and China will change in China’s favor in the next 20 years, that the ethnic Chinese proportion of Primorski Krai’s population will exceed a critical point beyond which Russia can no longer claim this territory as its own, and that Russia’s government institutions does not have sufficient capacity to resolve domestic conflicts, were not more likely to feel threatened by Chinese migrants than other respondents or to prefer more hostile anti-migrant policies.

Third, once Russian locals have experienced economic benefits arising from exchanges involving migrants, they are likely to discount (although not deny) security threats. They are also likely to discount perceptions of relative deprivation. The survey analysis showed that Russian respondents who saw Chinese migrants as simultaneously more hard-working and more aggressive than local Russians were no more likely to feel threatened or to prefer hostile responses to the Chinese than other respondents. One archetypal illustration of this dissociation are Russian shuttle traders, some of whom have complained about what they see as “the overpowering presence” (zasil’ e) of Chinese migrants in Russian markets, while at the same time continuing to work for these migrants by taking 50-kilogram bags duty-free across the border for around 200 rubles (about $57) per round trip. Another telling example was a Russian worker at a Chinese-owned and operated greenhouse on the outskirts of the city of Ussuriisk, which told me that

For this and other data illustrating the point, see Alexseev, Mikhail. "Identity, Interests, and Security: Cross-Border Migration and Policy Preferences vis-à-vis China and Chinese Nationals in the Russian Far East." This paper was presented at the 42nd Annual Meeting of the International Studies Association, Chicago, 21 February 2001.

Ibid.


worked hard.” About 24% of respondents said these migrants “contributed to the improvement of the economic situation,” and, more specifically, “revived abandoned land” (13% of respondents) and “built or repaired houses” (12%). Also, 23% of respondents said the migrants were “cultured, polite, and respectful” – qualities contributing to hospitality associated with good business ethics and marketing skills. According to Vitkovskaya, “Thus, local residents especially notice and favorably assess not only those qualities of re-settlers that the latter received while living in different cultural environments, but, to a significant degree, the ones they learned as part of self-mobilization in response to the hardship of migrating. This suggests that forced migrants are perceived by a significant proportion of respondents as a catalyst for the restructuring of the entire value system of the Russian population.”

The influx of “shuttle” migrants representing traditional “trader minorities,” such as the Chinese, Koreans, Armenians, and Azeris, especially into regions along Russia’s southern border stretching from the Black Sea to the Pacific, has added to these catalysts in the Russian border regions. In my survey of Russian perceptions of Chinese migrants in Primorski Krai in September 2000, 1,010 respondents were asked to “grade” some of the business-related qualities of ethnic Russians and ethnic Chinese. Of these, 79% gave top grades (3 and 4 on a 0-to-4 scale) to ethnic Chinese for being hardworking, while 55% gave the same grades to Russians for being hardworking. About 67% of respondents similarly scored the Chinese as highly entrepreneurial, in contrast to 52% who scored the Russians the same. More respondents (42% over 40%) scored Chinese migrants as more responsible than local Russians. Even the negative qualities of Chinese migrants seen as prominent by Russian respondents, such as being sly (73% of respondents), aggressive (63%), and greedy (58%) suggest high adaptability of Chinese migrants to the harsh business environment of post-Soviet Russia.

Echoing these perceptions, the chairman of the Primorski Duma committee on regional affairs (overseeing migration issues), Vladimir Ignatenko, said in an interview that working in tourist services handling Chinese flows “forces our people [the Russians] to be more disciplined,” improving local work ethic. “Construction business has also thrived, creating jobs and attracting workforce and we have seen distinct benefits for agriculture: the Chinese have great capacity to work especially when it comes to growing turnips, carrots, tomatoes and cucumbers. Russians cannot work like that.”

The effects of Chinese trade and labor migrations have been widespread throughout Russian border regions, from Primorski Krai to the Caspian. The Russian Federal Migration Service (FMS) estimated that approximately 1 million Chinese migrants stayed in Russia illegally for some time from January 1999 to June 2000, based on the fact that 1.5 million Chinese crossed the border during that period, but only 237,000 of them legally registered. The FMS characterized most of these Chinese nationals as “shuttle migrants who buy and sell goods,” suggesting that the actual number of Chinese migrants in Russia on any given day during the same period was far less than one million. The FMS also estimated that these migrants sent home approximately US$6 billion, an amount roughly equivalent to, or even in excess of, the officially recorded trade volume between Russia and China at the time.

Cross-border economic interactions

While there is no comprehensive statistical data documenting the precise scale of economic effects from cross-border exchanges generated by the migrants in Russia, evidence from selected border regions shows that in some cases, these effects have been substantial.

China accounted for US$233.6 million, or 30% of Primor’e’s foreign trade volume of US$784 million in 1999. This development was to a large extent galvanized by cross-border migrants who set up Chinese markets and established joint ventures with Russian companies throughout the region. The official trade statistic does not account for the total volume of cross-border trade, since the key actors have strong incentives to conceal the volume of transactions so as to avoid duties, tariffs and taxes. Olga Proskuriakova, head of the foreign trade department at the committee for international and regional economic relations of the Primorski Krai government, estimated that cross-border “shuttle” trade by individuals (both Russian and Chinese nationals) is three times the volume of the officially reported trade between Primorski Krai and China.

By establishing urban hubs for cross-border trade (particularly in the rapidly growing cities of Heihe and Suifenhe on the China-Russia border), Chinese businesses attracted a wave of cross-border migrants from Russia in response.

Vitkovskaya, Op. cit., p. 165. The “cultural environment” refers, in particular, to the arrivals from the former Soviet republics in the Caucasus and Central Asia where street market and small business culture was less affected by Soviet economic standardization and where the working population largely stayed away from alcohol abuse (even though most mainstream Islamic clerics in the former Soviet republics have been tolerant of alcohol consumption by local Muslims).

Cross-border trade provides an escape for local Russians from deteriorating conditions in the old state-run economic sectors (by January 2000, wages in Primor’e amounted to 28% of wages paid in 1991, when measured in constant 1991 rubles).  

The number of Russians from Primor’e visiting China – with most of these travelers engaging in cross-border trade – exceeded the number of Chinese tourists visiting Primor’e by about 10 times from 1992 to 1996. This trend largely persisted in late 2000 according to interviews I conducted in the markets of Vladivostok. 

Exemplifying the economic effects of these interactions, the Chinese trade center in the city of Ussuriisk in Primorskii Krai has become one of the three major contributors to the city budget, along with the sugar factory and the Ussuri Bal-sam factory, which makes a herbal infusion of vodka. Mikhail Vetrnik, director of the Ussuriisk Chinese trade center, spoke with pride about the expansion of his business since the mid-1990s: 

In 1996 there was a swamp here, and now we have a 20-hectare trading area in its place with five hostels, six halls of residence, loading-unloading facilities, a mainte-nance service, a passport registration service, a police station, an international tele-phone exchange, new public restrooms, a new septic system, and Chinese, Korean, and Russian restaurants. We generate 10-11 percent of tax revenues for the city of Ussuriisk (population 160,000), somewhere between $750,000 and $1,000,000 in 1998. We expect to generate at least the same amount of taxes for the city in 1999 and increase that amount in years to come.

Vetrnik started the interview by accusing the US of deliberately destroying the Soviet Union and bringing Russia to its knees. He also expressed dislike for the alleged ethnic Chinese “infiltration” of the region. However, he concluded this was not the time for aggressive nationalism: "Look around, and you’ll see that all these Russian factories are idle. Salaries are unpaid. Our back is against the wall. We’ve got to help these Chinese traders.” Vetrnik’s business success paid off politically in 2000 when he was elected as a member of Primorskii Krai Duma. His market continued to develop successfully. 

Chinese migrant workers in Omsk revitalized agricultural production in the 1990s – as they did for other Far Eastern and Siberian regions. The Omsk government, since that the local agricultural sector was in deep crisis in the early 1990s and that Chinese laborers were willing to work harder and for less pay than Russian laborers, established what became known as “the vegetable belt” of Chinese-operated farms around the capital city of Omsk.

Illicit trade also flourished and generated otherwise scarce capital for re-investment in other activities, such as street market facilities, stores, restaurants, farming, and construction in the Russian Far East and beyond. According to Andrei Kopaev, a senior investigator at the “Tigr” department that deals with cross-border smuggling at the State Environmental Committee for Primorskii Krai, Chinese traders buy illegally harvested ash-trees in Primor’e at US$40 per cubic meter, and then resell this timber at US$80–100 per cubic foot in China, generating, in Kopyaye’s estimate, over US$1,000,000 a year. The chief of the “Tigr” department, Sergei Zubov, estimates that in Krasnoarmeiskii district alone, 5700 cubic meters of ash-trees were harvested in 1998, with Chinese traders making a profit of up to US$70 per cubic meter. (During my visit to the border town of Pogranichnyi in late October 1999, I observed that the local railway station was packed to capacity with cargo trains loaded with logs on tracks heading for China). Chinese resellers can expect to raise US$2 million a year by reselling approximately one ton of illegally harvested wild ginseng, at the going rate of US$2 a gram.

In Irkutsk region, opportunities for cross-border trade in timber prompted local authorities to develop an unusual form of assistance to migrants arriving in the region from the former Soviet Union, illustrating a potential synergy between foreign investment and migration from the CIS. Approximately 8’000 forcibly resettled migrants arrived in Irkutsk between 1993 and 1998. The 1997 Forestry Code established categories of residents entitled to receive free timber; on the basis of the Code, the Irkutsk authorities issued licenses in 2000 allowing each forcibly resettled migrant to cut up to 300 cubic meters of timber a year. Some migrants who could not cut timber sold their permits on the black market for the average going rate of 30 rubles (about US$1) per cubic meter. Professionals who procured the timber then sold it at the local warehouses of TM Baikal, a Russian-Japanese venture, fetching between $40 and $55 for the best export quality logs. Timber was also sold to another Japanese venture, Iigama-Tairiku, as well as to a host of Chinese timber dealers coming primarily from neighboring Buryatiia where they had established a strong presence. As a result, timber exports to China increased by 274% over the previous year for the first nine months of 1999, pulp exports increased by 56% and cardboard exports increased by 75%, according to the Customs Service data. 

In contrast, production in the timber industry of Karelia – in the absence of similar cross-border trade networks – reportedly

81 Interview by the author, Ussuriisk, 26 May 1999.
82 Ibid.
84 Interview by the author, Vladivostok, 25 May 1999.
85 Ibid.
stagnated in the 1990s, contributing to the region’s economic decline and lack of capital for social services and wage payments.87

Cross-border migrant trade and other economic interactions have in the past attracted investment from major insurance companies in the border infrastructure. Russia’s Military Insurance Company (MIC), funded in part by the East European Investment Bank, established 87 branches in 73 regions of Russia with large volumes of business conducted along the Russian border. The company insures leases, freight shipment by any mode of transport, construction risks, post-installation obligations, and insures leased objects as collateral in addition to insuring manufacturers against shortcomings in quality. Having established the border infrastructure along the Russian-Ukrainian and Russian-Finnish borders, the company in February 2000 announced its intention to invest in the border insurance program along 1,876 kilometers between the Orenburg region and Kazakhstan. The director of the Orenburg MIC branch, Larisa Mitkova, said that securing the border with Kazakhstan would “require huge expenses” to curtail trafficking in drugs, weapons, non-ferrous metals, stolen cattle and machinery, and illegal immigration. The decision to invest, however, indicated that the company saw the moneymaking potential of cross-border interactions as exceeding investment costs.88 One paradoxical implication of this development is that by generating security risks and economic opportunities simultaneously, cross-border migrant activities have attracted insurance businesses. And the institutionalization of the latter is likely, in turn, to increase incentives for cross-border economic transactions, thereby increasing its volume and that of trader migration.

**Relationship capital**

A field study of migrant settlers in Orel and Ulyanovsk regions in the mid-1990s found that migrants had a superior capacity for collective action compared to the local residents. Migrants were more likely than the locals to develop this capacity because they face common challenges and, in most cases, cannot rely on the allocation of resources from the state. In order to claim their rights and to achieve a redistribution of resources in their favor, migrants have launched numerous associations, civic unions, and movements throughout Russia.89

In the Omsk region, migrant associations emerged around 1993 to provide legal assistance to recent arrivals in obtaining the status of forcibly resettled migrants and thus help them to secure social benefits. They also helped migrants obtain financial support from the Federal Migration Service to offset some resettlement costs. These associations, however, also developed a second line of operations, using their legal standing as a cover for commercial ventures. They also used part of the funds received from the Federal Migration Service to finance business start-ups. As a result, many of these first associations splintered. But by 1997 and 1998, a number of more stable migrant associations working in conjunction with the Federal Migration Service and the Moscow-based Forum of Migrant Organizations established a presence in Omsk. Through the Moscow Forum, these associations received training and support, with funding from the office of the UN High Commissioner for Refugees (UNHCR) and the International Organization for Migration (IOM). Through the Forum, the regional migrant associations filed applications for grants to international donors and foundations.90

In Karelia, forcibly resettled migrants formed an association named Ochag (“Hearth”) that was registered by the Russian Justice Ministry in October 1997. Illustrative of the trend elsewhere in Russia, the association set itself the twin goals of legal assistance to migrants and support for their business ventures, especially in the capital city of Petrozavodsk. The association claimed the right to monitor the Federal Migration Service to make sure the service officers provided the new arrivals with complete information about migrant rights and benefits. The association also became involved in assisting the migrants with housing construction and employment and undertook to develop a support program for the unemployed in conjunction with Russia’s Employment Service. The association applied for funding for foundations providing assistance to small businesses. Like their counterparts in Omsk, Ochag also established ties with the Moscow “Forum of Migrant Organizations.”91 All in all, by 1998 the Forum included 83 member organizations from 42 regions providing a point of contact between migrant support groups based in Moscow and the local migrant associations. The nature of these local groups exemplified the propensity of migrants settling in Russia’s regions towards establishing social and business-oriented relationship capital that they lacked upon arrival. These organizations included “self-help groups” and shareholder companies or limited partnerships engaged in trade and industrial activities. But the latter have also sought to protect the political rights of the migrants and to ease their socioeconomic integration into local communities.92

Migrants have also been shown to mobilize family connections for social adaptation and business in ways that the local residents had not done. Hilary

---

Pilkington found: “As they become more settled, migrants are able to bring over their extended families and, at the time of the fieldwork [mid-1990s], many were in the process of bringing over parents who could help with domestic work and child care. In the meantime, or for those cases where this extended family was absent, other migrants came to fill this role and migrants prided themselves on helping each other out much more than was the practice among the local community.”

**Structural factors**

An earlier study of the economic impact of the French settlers returning from Algeria in 1962 found that the attributes of migrants, both as described above and including other attributes, make them adaptable to economic hardship and, in fact, help them improve both their own economic conditions and those surrounding them. Whereas unemployment among returning French migrants stood at 20% in December 1962, it fell to 6% in 1963 and to 4% in 1964. Until mid-1999, a comparison between this trend and Russian trends appeared implausible due to fundamental structural differences – France had a healthy and growing economy while Russia’s economy was in decline and suffered a major financial shock after the August 1998 currency crisis.

By the end of the first quarter of 2001, however, Russia had achieved prolonged currency stabilization (the dollar-ruble exchange rate remained practically constant for nearly a year) and macroeconomic growth. GDP year-on-year rose by 7.7% and industrial output by 0.8%, the current account reached an estimated US$43.6 billion, and the trade surplus stood at US$61.8 billion. More importantly, economists have been re-evaluating assessments of Russia’s economic performance since the early 1990s, arguing that the decline in output registered at the time was either seriously overestimated or hardly happened at all. Since the Soviet economy was wasteful and the Soviet price system distorted the extent of waste in production, “then economic welfare [in Russia] will rise if this production is halted. Since GDP is just the sum of value added, it is clear that GDP can increase even if physical output falls.”

Given these reassessments and Russia’s current macroeconomic growth and stabilization, the comparison of migration effects in Russia with those in France of the 1960s is less inappropriate than may have been the case in earlier years. If migration into growing economies with a declining population (and in Russia, population has been declining in the last decade) generates and stimulates economic development, then border regions of Russia where population is in decline and where economic growth occurs would especially benefit from the arrival of migrants. In turn, this suggests that the border regions in the Far East and Siberia are most likely to benefit from these structural factors as long as migration and cross-border economic exchanges are not significantly impeded by government agencies. And if migrant activities gave a boost to both economic growth and integration of these regions into the Pacific Rim trade and economic institutions, these Russian border regions would become attractive to Russians, reversing the net population outflow and creating additional synergies for growth and development.

95 The Economist, 7–3 April 2001.
Conclusion

The present study focused on the interactive effects of demographic, socioeconomic, and political trends on international economic interactions (internationalization) in Russia’s 39 border regions. The findings and the analyses broadly suggest that, barring cataclysmic developments comparable to war in Chechnya, which are unlikely, economic internationalization in Russia’s borderlands is likely to increase regardless of security and demographic challenges often associated with migration, interethnic conflict, and the politics of nationalism and xenophobia. Previous analyses, especially those based on case studies and anecdotal evidence that emphasized these security challenges as a serious impediment to foreign investment, need to be critically re-evaluated taking into account systematic data, particularly regarding Russia’s border regions except those adjacent to war-torn Chechnya. The following general conclusions with important implications for an understanding of the relationship between security and economic development in post-Soviet Russia deserve to be highlighted:

1. The study finds that factors traditionally associated with higher levels of economic internationalization (measured as foreign investment and joint venture activity) for Russia as a whole have a significantly smaller effect in the border regions. Among the most surprising “non-factors” in Russia’s border regions are levels of popular (electoral) support for communist and nationalist parties. Also, unlike in Russia as a whole, for Russia’s 39 border regions, lower volumes of refugee and migrant arrivals have been associated with lower rather than higher volumes of international economic interactions.

2. The level of foreign investment and the number of joint ventures in Russia’s border regions in the late 1990s have been, at best, weakly associated with indicators of political insecurity such as the presence of ethnic irredentists, an
above-average in-flow of refugees, outstanding or anticipated territorial claims, and ethnic armed groups outside of state control. This finding is especially counterintuitive given that the Russian borderlands in the 1990s have come under pressure associated with rapidly shifting balances of ethnically disparate populations, the emergence of “truncated nations” and aggrieved minorities, the weakness of government institutions, and perceptions of relative deprivation. A large part of foreign investment, for example, flowed into regions associated with all or most of these factors, such as Orenburg, Krasnodar, Omsk, and Primorskii Krai. Data from several studies, including this author’s broad opinion survey in Primorskii Krai in September 2000, suggests that at the microeconomic and societal level, the imperviousness of economic internationalization to security challenges arises from compartmentalization of issues, from the dissociation of security perceptions and economic preferences, and from personally beneficial economic experiences.

3. Demographic factors appeared to be most strongly and significantly related to the volume of international economic interactions in border regions, both directly (in terms of population size, levels of migration, percentage of ethnic Russians) and indirectly (in terms of consumer market capacity). The most striking finding is that migration and refugee levels are often significantly and always positively correlated with levels of foreign investment in Russia’s border regions. Moreover this relationship cannot be explained away either as a result of multicollinearity with population size and consumer market capacity, or as a result of reversed causality. The statistical analysis shows that a significant part of the effects of migration volume on levels of foreign investment and joint venture activity are not related to population size, and even less so to consumer market capacity. And migration volumes in 1998 have been associated with foreign investment levels for that same year more strongly and at a higher level of significance than with foreign investment levels in prior years.

4. This study calls for further and more systematic examination of why and how migration can act as a catalyst or a conduit of international economic interactions under economic hardship and a politically insecure environment, as is predominantly the case in Russia’s borderlands. Fieldwork and survey research in the Russian regions suggest that migrants galvanize the overall business climate by contributing a dynamic, entrepreneurial work ethic, fostering cross-border business connections, and building a relationship capital that gives boost to both civil society and business development. Russia’s achievement of macroeconomic stability and growth after 1999, combined with population decline, suggest that openness to migration will increase the prospects for economic development and internationalization in the border regions and in Russia as a whole.

5. A major policy implication of this analysis is that socioeconomic problems and security challenges that are particularly strongly associated with migration and interethnic disputes in Russia’s borderlands are likely to impede economic internationalization less than conservative and narrow exclusionist and discriminatory policies, either at the regional or the federal level. The impulse for these policies may also have less to do with actual demographic and economic trends in the regions than with entrenched economic and political interests of key regional elites. In addition, the sweeping reform of federal relations under Putin diverts regional leaders’ attention from international interactions toward managing new domestic political games. Much is also likely to depend on the institution of federal representatives in the newly created federal districts. On the one hand, the federal districts may provide more resources and security assets to make regional governors less vulnerable to challenges associated with cross-border economic exchanges. On the other hand, the same federal districts may stifle cross-border interactions through increased bureaucratization, financial burdens, and uneven resource distribution and regulation of the regions. To the extent that the key institutional actors in Russia are capable of soberly assessing the economic benefits of migration and cross-border exchanges and think outside the more reactionary frame of reference linking migration and interethnic relations with security and social problems, they will be more likely to realize that their regions are poised to benefit from economic internationalization if they open the gates to internal and international migration and help accommodate the new arrivals. Of course, the risks cannot be completely eliminated, but this analysis suggests that the time is ripe for the Russian regions to deal with these challenges. The economic cost of taking positive measures appears to be declining relative to the cost of not taking any at all.
## Lost and Found

The table below lists the regions of Russia in alphabetical order, along with their respective statistics. The columns include regional GDP (in USD, 000s), population (in number), and migration changes (in USD, mn).

<table>
<thead>
<tr>
<th>Region</th>
<th>GDP '98 (USD, 000s)</th>
<th>GDP '99-98 (USD, 000s)</th>
<th>POPULATION '98</th>
<th>POPULATION '99</th>
<th>Forinv(Change)</th>
<th>Forinv('98)</th>
<th>Ref96</th>
<th>Ref97</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voronezh</td>
<td>4</td>
<td>0</td>
<td>2'269</td>
<td>2'647</td>
<td>3'288</td>
<td>3'288</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Tuva</td>
<td>9</td>
<td>0</td>
<td>6'149</td>
<td>5'217</td>
<td>9'390</td>
<td>4'019</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Saratov</td>
<td>13</td>
<td>0</td>
<td>5'147</td>
<td>4'741</td>
<td>7'857</td>
<td>6'655</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Sakhalin</td>
<td>23</td>
<td>0</td>
<td>170'357</td>
<td>122'048</td>
<td>45'123</td>
<td>37'413</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Magadan</td>
<td>17</td>
<td>0</td>
<td>45'046</td>
<td>16'377</td>
<td>7'630</td>
<td>8'666</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Leningrad Oblast</td>
<td>8</td>
<td>0</td>
<td>49'046</td>
<td>15'032</td>
<td>11'606</td>
<td>9'038</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Kursk</td>
<td>5</td>
<td>0</td>
<td>26'684</td>
<td>217'695</td>
<td>12'394</td>
<td>17'695</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Kurgan</td>
<td>8</td>
<td>0</td>
<td>3'047</td>
<td>2'707</td>
<td>3'047</td>
<td>2'707</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Karelia</td>
<td>10</td>
<td>0</td>
<td>3'202</td>
<td>2'960</td>
<td>3'202</td>
<td>2'960</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Khabarovsk</td>
<td>12</td>
<td>0</td>
<td>4'193</td>
<td>3'932</td>
<td>4'193</td>
<td>3'932</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Krasnodar</td>
<td>13</td>
<td>0</td>
<td>3'181</td>
<td>2'960</td>
<td>3'181</td>
<td>2'960</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Khabarovsk</td>
<td>14</td>
<td>0</td>
<td>3'047</td>
<td>2'707</td>
<td>3'047</td>
<td>2'707</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Kaliningrad</td>
<td>15</td>
<td>0</td>
<td>3'047</td>
<td>2'707</td>
<td>3'047</td>
<td>2'707</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Kamchatka</td>
<td>16</td>
<td>0</td>
<td>3'047</td>
<td>2'707</td>
<td>3'047</td>
<td>2'707</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Kalmarino-Baltic</td>
<td>17</td>
<td>0</td>
<td>3'047</td>
<td>2'707</td>
<td>3'047</td>
<td>2'707</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Kaliningrad</td>
<td>18</td>
<td>0</td>
<td>3'047</td>
<td>2'707</td>
<td>3'047</td>
<td>2'707</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Kamchatka</td>
<td>19</td>
<td>0</td>
<td>3'047</td>
<td>2'707</td>
<td>3'047</td>
<td>2'707</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Khabarovsk</td>
<td>20</td>
<td>0</td>
<td>3'047</td>
<td>2'707</td>
<td>3'047</td>
<td>2'707</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Krasnodar</td>
<td>21</td>
<td>0</td>
<td>3'047</td>
<td>2'707</td>
<td>3'047</td>
<td>2'707</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Kursk</td>
<td>22</td>
<td>0</td>
<td>3'047</td>
<td>2'707</td>
<td>3'047</td>
<td>2'707</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Kurak</td>
<td>23</td>
<td>0</td>
<td>3'047</td>
<td>2'707</td>
<td>3'047</td>
<td>2'707</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Lavringrad Oblast</td>
<td>24</td>
<td>0</td>
<td>3'047</td>
<td>2'707</td>
<td>3'047</td>
<td>2'707</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Magadan</td>
<td>25</td>
<td>0</td>
<td>3'047</td>
<td>2'707</td>
<td>3'047</td>
<td>2'707</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mekhmkak</td>
<td>26</td>
<td>0</td>
<td>3'047</td>
<td>2'707</td>
<td>3'047</td>
<td>2'707</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mezhdurei</td>
<td>27</td>
<td>0</td>
<td>3'047</td>
<td>2'707</td>
<td>3'047</td>
<td>2'707</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mirhorad</td>
<td>28</td>
<td>0</td>
<td>3'047</td>
<td>2'707</td>
<td>3'047</td>
<td>2'707</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mekhmkak</td>
<td>29</td>
<td>0</td>
<td>3'047</td>
<td>2'707</td>
<td>3'047</td>
<td>2'707</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mekhmkak</td>
<td>30</td>
<td>0</td>
<td>3'047</td>
<td>2'707</td>
<td>3'047</td>
<td>2'707</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mekhmkak</td>
<td>31</td>
<td>0</td>
<td>3'047</td>
<td>2'707</td>
<td>3'047</td>
<td>2'707</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mekhmkak</td>
<td>32</td>
<td>0</td>
<td>3'047</td>
<td>2'707</td>
<td>3'047</td>
<td>2'707</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mekhmkak</td>
<td>33</td>
<td>0</td>
<td>3'047</td>
<td>2'707</td>
<td>3'047</td>
<td>2'707</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mekhmkak</td>
<td>34</td>
<td>0</td>
<td>3'047</td>
<td>2'707</td>
<td>3'047</td>
<td>2'707</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mekhmkak</td>
<td>35</td>
<td>0</td>
<td>3'047</td>
<td>2'707</td>
<td>3'047</td>
<td>2'707</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mekhmkak</td>
<td>36</td>
<td>0</td>
<td>3'047</td>
<td>2'707</td>
<td>3'047</td>
<td>2'707</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mekhmkak</td>
<td>37</td>
<td>0</td>
<td>3'047</td>
<td>2'707</td>
<td>3'047</td>
<td>2'707</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mekhmkak</td>
<td>38</td>
<td>0</td>
<td>3'047</td>
<td>2'707</td>
<td>3'047</td>
<td>2'707</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mekhmkak</td>
<td>39</td>
<td>0</td>
<td>3'047</td>
<td>2'707</td>
<td>3'047</td>
<td>2'707</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### Notes:
- **ForInv(Change)** represents the change in the foreign investment for the year.
- **ForInv('98)** represents the foreign investment for the year 1998.
- **Ref96** and **Ref97** represent references for the years 1996 and 1997, respectively.

---

## Globalization at the Edge of Insularity

1. **Appendix:** This section provides additional data and references related to the topics discussed in the main text. It includes statistical tables, figures, and detailed explanations of key concepts and methodologies.
2. **Discussion:** The impact of globalization on insular regions is explored, focusing on how economic, social, and cultural factors influence development.
3. **Conclusion:** The implications of these findings on regional policy and future research directions are outlined.
Globalization at the Edges of Insecurity

Definitions:

ForInvest98 Volume of foreign investment of all types, 1998

FirInvChange96-98 Volume of foreign investment of all types for 1998 minus the same for 1996

DIRFIN97 Volume of direct foreign investment, 1997

FINVST97 Volume of foreign investment of all types, 1997

JVs97 and JVs98 Number of joint ventures with foreign capital, 1997 and 1998

CISMig Number of migrant arrivals from the CIS

ForMig Number of migrant arrivals from outside the CIS (“far abroad”)

Ref96, 97, 98 Number of forced re-settlers and refugees, 1996, 1997, and 1998

Population96 Population size, 1996

Irrendenta Presence/absence of potential for irredentist claims on the region’s territory

Territorial Claim Presence/absence of outstanding or anticipated territorial claims on the region

Ethnomil Presence/absence of reported ethnic-based military group activity outside control of state institutions

Sources:

a,b,e NAG Consulting (based on Goskomstat Rossi, 1999 and 2000), http://www.globalnet.co.uk/%7EEchegeoo/4-region.htm

c,d,f,l–k Regiony Rossi, Moscow: Goskomstat, 1999 and 2000.

g,h Goskomstat Rossi, http://www.gks.ru/scripts/eng/tc.exe?XXX06F.4.1.2.3.3.1/041210R

1,p.s–w Regiony Rossi, Moscow: “ZAO Zhurnal Ekspert,” 1997

m–r The author, based on Set’ etnologisheckogo monitoringa I rannego preduprezhdeniya konfliktv, eds. V.A. Tishkov and Ye. I. Filippova, Nos. 11, 14, 17, 21, 23, 24 (1996–1999).

EthnoRussian Percent population ethnic Russian in 1994
LDPR/CPRF95 Combined vote for the Liberal-Democratic (Zhirinovskii) Party and the Communist Party of Russia, 1995 Duma election
AutonStatus Presence/absence of status of autonomous republic or region/district
Resources Percent of Russia’s total share of resources, including mineral fuel, non-ferrous metal ores, iron ore, ferrous metal ores, arable land, timber, raw materials for chemical industry, hydropower, and non-ore minerals.
Entlev97 High/low level of entrepreneurial capacity/business infrastructure development level, based on the Ekspert Index, EntAct97 Large/small volume of private business transactions, Ekspert Index
MartCap97 High/low level of cumulative purchasing power of the population, 1997, Ekspert Index
InvLaw97 Presence/absence of legislation protecting foreign investment rights and providing investment incentives

Papers published in the series:


No. 20 Graeme P. Herd: Foreign and Security Policy Implications of Russia’s Demographic Crisis. March 2002


Special Issue Andrei M. Vavilov and Joanna M. Schemm: Russia and the West, the West and Russia. March 2002