

Global Cities *Versus* Russian Rustbelt Realities

PONARS Eurasia Policy Memo No. 651

May 2020

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In seeking new sources of economic growth and a path leading out of the “middle-income trap,” Aleksei Kudrin, chairman of the parliamentary Accounts Chamber, has pushed for the government to inject resources into a handful of potentially Russian “global cities.” He [contends](#) that cities are the engines of growth in a globalized capitalist system. Superstar or global cities, as many have argued, such as New York, London, or Tokyo are the centers of technological change, receive a disproportionate share of capital investment, and house the world’s leading-edge companies and talent. Russia’s demographics and its hundreds of “monotowns,” however, portend a major challenge: how to find new sources of economic growth while managing deindustrialization, job scarcity, and social and political stability. When Russia finally recovers from the COVID-19 pandemic, such dilemmas will become all the more acute.

Russia’s Urban Geography

Urbanist Richard Florida coined the term “[creative class](#)” to describe professionals drawn to global cities – a descriptor that was widely adopted to portray the anti-Putin protesters in Moscow and St. Petersburg in 2011-12. In his annual address to the Federal Assembly in 2018, President Vladimir Putin explicitly [stated](#), “it is important that urban development becomes the driving force for the entire country,” an assertion that he repeated prominently during his reelection campaign that year. Such arguments have proven persuasive.

Following the election, the Russian government approved a 115-page “Strategy for Spatial Development Through 2025” that [envisions](#) 18 cities (besides Moscow and St. Petersburg) as “prospective centers of economic growth” with the potential to become “world-class

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centers of science and education.”² This strategy fits with the government’s six-year infrastructure plan where the bulk of investment is weighted toward building high-speed transportation links between such large urban centers.

However, Russia’s urban geography, rather than being centered around a small number of large metropolitan centers, contains hundreds of small and medium-sized cities, most of which were formed during Stalinist and post-Stalinist industrialization. Hence the dilemma: the need for new sources of growth, or in Kudrin’s phrase, “cities instead of oil,” is compelling. Yet Russia’s existing human geography, and the regime’s clear desire for political stability, suggests that such a policy of urban transformation faces overwhelming obstacles.

Soviet industrialization bequeathed to Russia unique urban geography. In contrast to most other countries where populations are congregated in a few large cities, Russia has several hundred large towns/cities distributed across a vast territory, often far from metropolitan agglomerations. Most of these cities were created to meet the needs of a planned economic system that no longer exists. In 2010, only 11 cities in Russia [had more than](#) a million people. In the United States over 66 percent of the urban population lives in metropolitan areas of one million or more. In Russia, it is less than half that amount at only 31 percent. More than 30 percent of Russia’s urban residents live in cities with fewer than 100,000 inhabitants, while only a small fraction of U.S. urban residents do.

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

Russia is distinct in another way, in that among its many small and medium cities are over 300 officially designated cities and towns whose fate is dependent on a single industry, and therefore they are “monotowns” (*monoprofil'nye goroda* or simply *monogoroda*). The term monotown grabbed the widespread attention of Russian society and political observers during the global economic crisis of 2008-09, when a significant drop in

² The other 18 cities are Chelyabinsk, Irkutsk, Kazan, Krasnodar, Krasnoyarsk, Naberezhnye Chelny, Nizhny Novgorod, Novosibirsk, Omsk, Perm, Rostov-on-Don, Samara, Tyumen, Ufa, Vladivostok, Volgograd, Voronezh, and Yekaterinburg.

industrial output led to fears of substantial unemployment and the specter of social unrest.

In May 2009, protests erupted in Pikalyovo, a monotown in the Leningrad region, where three local factories had shut down. Many workers were owed back wages and the town's heating plant closed. Residents blockaded a major highway in protest, creating a 400-km traffic jam. Then-prime minister Putin soon arrived in town by helicopter to publicly dress down oligarch and factory owner Oleg Deripaska in a scene that became known as "the bending of an oligarch."

The Russian government subsequently established a commission to [monitor](#) the country's monotowns, with the official government list currently recognizing 319 cities and towns as such. By that measure, 14 million people, or roughly 10 percent of Russia's population, reside in a monotown. The monotown label is somewhat misleading. They vary considerably in size, in their level of isolation, and the economic viability of their city-forming enterprise(s). Nevertheless, in a clear signal of its concern, the Russian government's list divides the monotowns into three categories, according to their "risk of worsening social-economic conditions," with those conditions monitored by the Federal Protective Service (FSO). Over time, government officials and others referred to the worst-off monotowns as the "red hundred."

In 2014, the government [created](#) an official Fund for Monotown Development, which was supported by two large state-owned banks: Vneshekonombank and Sberbank. By 2015, following a drop in oil prices, the Russian press [referred](#) to the monotowns as "social dynamite," and two years later Russia's Audit Chamber reported that 70 percent of monotown inhabitants found their conditions to be either unbearable or "bearable with difficulty." However, by 2019, [vesti.ru](#) headlined a [report](#) with dramatic language:

"Dying Soviet 'Monotowns' to Be Repurposed!
The Era of Bleak Industrial Rust Cities is Over!"

Other accounts suggested that the Fund had been so successful that the official list of monotowns might be reduced by half. However, around the same time, the Audit Chamber released a scathing [report](#) stating that the monotown program was canceled because it failed to improve the lives of monotown inhabitants and that investment funds were not going to the "red hundred" of most depressed monotowns, but rather to those better off with greater lobbying clout.

The amount of direct government subsidies to Russian monotowns was rather paltry: from 2014-18, the sum was roughly 25 billion rubles (\$400 million). The federal subsidies were intended to be matched by a much greater amount of private investment, enticed through special enterprise zones (TOR or TOSER), other significant tax breaks, and zero-interest loans. Questioning whether private investment could solve the "monotown

problem,” Russia’s leading regional expert Nataliya Zubarevich [responded](#) with considerable sarcasm: “In a country with a disastrous investment climate, the last place to invest money will be monotowns lacking attractive industrial assets.”

The monotowns are an acute form of a larger challenge, namely, how to find new sources of economic growth while managing continued deindustrialization and maintaining political stability. Thus, in [explaining](#) why Russia remains “stuck in the middle-income trap,” one outside observer put it rather crudely but with only slight overstatement:

“The problem the Kremlin faces is that to really make a difference it needs to basically sack half the workforce and tell them to find a better job—and in most regions, these private-sector jobs simply don’t exist.”

Moving, or Staying in Place?

The logic of Kudrin’s proposals and the government’s current policies suggest encouraging Russian citizens to move from the rusting industrial centers to more vibrant cities and regions. The World Bank [agrees](#):

“To become a dynamic economy, Russia will have to be more flexible—to constantly move human resources and productive capital from low-value to high-value opportunities. This usually entails shifts of labor and capital from declining regions to expanding regions.”

Thus, for the Bank:

“The overriding goal of reform is to create conditions so that labor can redistribute itself in line with emerging regional economic advantages rather than be trapped in lagging areas by outdated and seemingly capricious past incentives.”

Yet such talk assumes that the life choices of the Russian people are shaped by economic incentives alone. To be sure, there has been substantial migration in Russia, especially in the 1990s. While the data are imprecise, a comparison of the 2010 census with recent estimates from Rosstat shows a clear decline of population in many small to medium-sized cities. Yet by comparative standards overall inter-regional labor mobility in Russia remains low. This is puzzling, especially when one considers that the country suffers from an extremely high level of regional inequality.

There is a clear resistance among many monotown dwellers to relocate, a resistance that can seem puzzling to outsiders (perhaps especially to peripatetic Americans), given the challenging economic prospects in many such cities and towns. Simply put, many people have become attached to *place*, however unwelcoming such places might appear to others. Even in Russia’s Far North, where conditions are often quite bleak, research has shown

that [outmigration](#) slowed dramatically after the 1990s not only due to changing economic conditions but also because of the social capital invested in place and the “psychic costs” of migration that often outweighed purely economic calculations.

Even in environmentally challenging and toxic towns such as Asbest—whose very name proclaims its main product—residents retain their attachment. Likewise, in Norilsk, known as “the northernmost city in the world,” as well as one of “the world’s most polluted places,” with such brutal environmental and living conditions that life expectancy is ten years shorter than elsewhere in Russia, many in the city of 177,000, even those not employed in the plant, [claim to love](#) living there.

Uneven Challenge to Stability and Legitimacy

Despite the regime’s fears over events like Pikalyovo, the likelihood that Russia’s monotowns or other rust-belt regions would erupt in destabilizing social unrest can be questioned. Indeed, while monotown residents, as well as those in other Russian working-class communities, do engage in collective protest, most often, they employ individual strategies to adapt to challenging conditions. In doing so, they defy economic logic and instead refuse to abandon place, while making their struggling communities, in Jeremy Morris’s [apt phrase](#), “habitable.” Monotown residents thus provide a graphic example of the ability of Russian citizens to resist through what Samuel Greene has [called](#) their “aggressive immobility.”

Even if the government’s program for urban investment was directed to the country’s 40 largest urban centers—rather than just the top 20—that would leave roughly half of Russia’s population behind. In the long run, it may be true, as Leonid Bershidsky [argues](#):

“The Grim Reaper is coming for the once-bustling little towns where people had moved from the villages. In a country with too much space and too few people, much of the territory is doomed to be a huge flyover zone.”

Unless that process happens very gradually—a pace that would undercut the goal of economic growth—such policies will quite likely lead not only to resistance, but also to protest. While events like Pikalyovo might be rare, they will become more likely and be difficult to ignore. Indeed, the dilemma extends beyond geography and economics to the question of social and political stability.

Conclusion

The 2008 economic crisis not only brought Russia’s monotowns to the fore, but it also marked a shift by the country’s leadership toward greater state control over the economy, more emphasis on the “social responsibility” of the oligarchs, and an increased populist turn toward nationalist and socially conservative rhetoric and actions. The deepening

divide between regional and class interests became clear during the ostensibly middle- and “creative class” protests of 2011-12 centered in Moscow and St. Petersburg, when Putin positioned himself as a defender of working-class interests against liberal cosmopolitans. [According](#) to Ivan Krastev and Stephen Holmes, in doing so Putin set “rural and Rust Belt Russia against urban and modernizing Russia.”

In his study of “Putinomics,” Chris Miller [argues](#) that there is a hierarchy of goals at work in Russia’s political economy: “first, political control; second, social stability; third, efficiency and profit.” The contradictions in such a ranking of priorities soon become clear. Political control cannot rely indefinitely on repression and propaganda, especially if the third goal – an efficient economy that provides some public benefit – is not being met. Yet plans to further liberalize Russia’s economy may soon run aground, since prioritizing that third goal of economic efficiency, especially in contemporary Russian society, risks undermining social stability, and ultimately political control. This is the dilemma for a society with limited resources. Should it invest in hopes of creating global cities of the future, or in the realities of rust-belt communities struggling with the legacies of the past?