

# **Petronation? Oil, gas and national identity in Russia**<sup>1</sup>

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## **Abstract**

Based on survey research, elite interviews and an analysis of media treatment, this article explores the place of oil and gas in Russia's national narrative and self-identity. Objectively, Russia's economic development, political stability and ability to project power abroad rest on its oil and gas resources. Subjectively, however, Russians are somewhat reluctant to accept that oil and gas dependency is part of their national identity. This is particular true of the elites who play a crucial role in defining the dominant national narrative. Ordinary Russians generally have quite positive attitudes about the role of Gazprom and Russia's emergence as an "energy superpower" – while at the same time being wary of becoming a "raw materials appendage" of the outside world. One of the unexpected findings to emerge from the survey data is the strong regional differences on the question of whether Russia should be proud of its reliance on energy. Gazprom is popular in the Central Federal District, but less so as one moves East. The article concludes with an analysis of the factors constraining the role of energy in Russia's national narrative: the prominent history of military victories and territorial expansion; a strong commitment to modernization through science and industry; and concerns over corruption, environmental degradation, and foreign exploitation.

## **Key words**

Russia, oil, gas, petrostate, nationalism, national identity, energy superpower

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One of the trickiest challenges facing political scientists is to incorporate the politics of identity into their analysis of political behavior. (Abdelal et al 2009) Political scientists are more comfortable analyzing the formal institutions of representation (and repression), or trying to model bargaining over economic interests of competing groups. Evaluating a nation's sense of belonging, and the way political leaders try to mobilize such emotions for their various projects, is challenging, since it involves appeals to cultural and historical phenomena that are hard to calibrate. But in a world where the rhetoric of nationalism refuses to disappear, and a nationalist gesture such as the annexation of Crimea could produce a surge in support for President Vladimir Putin, it behooves us to grapple with the complexities of national identity.

This paper explores the curious dialectic of interests and identity with respect to the petrocarbon foundations of the Russian economy. Despite the prominence of oil and gas in Russia's political economy, energy plays a subdued and contradictory role in Russian national identity. Russians are not proud of their dependence on oil and gas, and they have a hard time fitting them into their national narrative. The political superstructure of Russia has drifted far from the economic "base," in violation not only of the principles of Marxism, but also the everyday practice of most other energy producing countries.

It is widely recognized that oil and gas are key to Russia's national economy. (Appel 2008; Rutland 2008a) Petrocarbons account for 25% of Russia's GDP, 50% of its government revenue, and 70% of its export earnings. (US EIA 2013) Oil and gas are widely seen as a tool that Russia wields (not always very successfully) to project its power abroad. (Rutland 2008b; Baev 2009) International media play an important role in branding Russia as an oil-state – the London *Economist* magazine is especially fond of cartoons of bears sitting on pipelines, Putin holding a gas pump like gun, etc.

Objectively, then, Russia has all the characteristics of a "petrostate."<sup>3</sup> Most economists, including Russian economists, subscribe to the theory of the "resource curse" – that is, based on the experience of other countries, they believe that oil and gas dependency is bad for Russian's long term development prospects.<sup>4</sup> (Kaznacheev 2014; *Kogda* 2012), Some Russian commentators have advanced the idea of Russia as an "energy superpower," a term that Putin and other leaders have themselves used on occasion. (Bouzarovski and Bassin 2011) The "energy superpower" concept appealed to some Russian liberals, such as Anatolii Chubais, since it was a way of playing the nationalism card while shifting the debate from military to economics.

But subjectively, when it comes to expressions of national identity, Russia seems to be in denial of this state of affairs. The pantheon of Russian symbols includes the bear, the eagle, the Kalashnikov, vodka, etc. – but not the oil rig or the gas pipeline. Neither the political elite nor ordinary Russians are comfortable with the reality of Russia's carbon-based political economy. The Russian national narrative suppresses the importance of energy to the Russian economy, despite some recent efforts of oil and gas companies to increase their visibility and to promote a more positive image. This was true even in the Soviet period. Oil and gas may be the cornerstone of Russian state capacity and economic well-being, but they are not central to Russian identity.

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<sup>3</sup> Goldman 2005. Gustafson (2013, 6) disagrees with describing Russia as a petrostate, arguing that Russia's sizeable manufacturing base, built up during the Soviet period, distinguishes it from the typical petrostate.

<sup>4</sup> For a broad defense of the resource curse hypothesis, see Ross 2013.

## Oil and national identity: the global context

In contrast to the case of Russia, most other energy-dependent countries have learned to acknowledge and embrace their economic foundations. From Texas to Saudi Arabia, the narrative of “who we are” incorporates pride in “black gold,” encompassing the full range of oil-related activity, from the hazards and risks of exploration to the lavish wealth that oil brings. (On Saudi Arabia, see Vitalis 2009; Hertog 2011) Oil is much more prominent than natural gas in nation-building narratives. Tankers carrying liquefied natural gas only began plying their trade in the 1960s, and gas generates much lower revenues than oil.

The nationalization of the oil industry by the Mexican state in 1938 was seen as an assertion of national independence second only to the revolution itself. (Yergin 1991, ch.14, Philip 1992) President Lazaro Cardenas proved it was possible to stand up to the United States, seizing the assets of its oil companies (with minimal compensation) and putting the industry under native control. The Mexican example inspired other oil states to push for a greater share of oil industry profits after 1945. The US-engineered coup in 1953 that reversed (temporarily) Iran’s move to nationalize the industry fueled Iranian nationalism for decades to come. (Bill & Louis 1988) By the 1970s, all of the oil producing states in the developing world had followed the Mexican example in expropriating the international oil companies. Control over this key resource was seen as integral to national sovereignty and pride.

Oil is not just an issue of economic policy and political struggle; it also seeps deep into debates over national identity, and becomes a subject for writers and artists. There is a whole genre of “petro-fiction” (Ghosh 2005), and movies to match, a recent example being the Kuwaiti-financed *Black Gold*. Texan identity is reflected in movies such as *Hud* or *There Shall be Blood*, not to forget the TV series *Dallas*, which fixed the contemporary Texan identity on the global stage. All visitors to the flagship University of Texas at Austin, for example, are shown the tar pit at the center of campus, a reminder that much of the university’s endowment came from oil under land granted to the institution. From the Drake Well Museum in Pennsylvania (founded in 1934, at the site of the first 1859 well) to the Norwegian Petroleum Museum in Stavanger (founded in 1999, at the port serving the offshore fields), communities have created institutions to teach future generations a narrative of oil as central to their collective history.

Most petro-states are *new* states, where the discovery of oil and the flow of petro-dollars roughly coincided with the creation of the new sovereign state as a result of imperial collapse. Prime examples include Iraq and Saudi Arabia<sup>5</sup>: counter-examples include Iran and Venezuela, where statehood long preceded oil. It has been quite easy for newly-independent states in the post-soviet space such as Kazakhstan and Azerbaijan to weave oil into their national identity. (Luong Jones 2010; Ostrowski 2009) It was recognized that the development of oil wealth could guarantee the country’s independence (the main threat to which came from Russia), and at the same time integrate them into the global economy. Thus in those countries, oil became a symbol of modernity and international acceptance. It was clear that if people in the outside world were interested in Kazakhstan or Azerbaijan, it was going to be because of the oil than lay under their land. Pride in oil and pride in being Kazakh or Azeri were practically, logically and hence ideologically connected.

In Azerbaijan’s case of course there was also a historical dimension to the narrative, since Baku had been a center of the global oil industry back in the 1890s (before the emergence of a modern Azerbaijani state, or even a national identity). Azerbaijan continued to account for about half of Soviet oil production until the 1960s. (Moser 2010) Even after Soviet oil production shifted after 1945 to the middle-Volga and later

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<sup>5</sup> Iraq was founded in 1919 and Saudi Arabia in 1926: oil was struck in 1927 and 1938 respectively.

West Siberia, Baku remained an important center for oil industry equipment manufacture. So Azerbaijan's embrace of oil after achieving independence in 1991 had deep historical roots.

However, even mature, developed societies that discover oil and gas long after their national identity is well established, such as Norway or Australia, have shown themselves able to adapt to the arrival of oil riches: to see oil as a blessing, not a curse. (Bayulgen 2010, ch. 7 on Norway) There are political controversies around oil, to be sure – from complaints about the environmental impact of the industry, to concerns about “Dutch disease” and the hollowing out of domestic manufacturing. Also in Australia there has been fear about the country's increasing dependency on China as the main consumer of their resources. But these negative aspects are balanced by positive developments such as pride in the technological achievements of the industry; and confidence that democratic procedures can be used to channel the wealth back in to the nation's collective benefit. This is exemplified by Norway's pioneering of the sovereign wealth fund (which invests a large proportion of the oil revenues for future generations), now emulated by multiple countries including Russia. (Truman 2010) Norway's cushion of oil and gas wealth has also enabled it to stay outside of the European Union (two referenda rejected joining the EU), while pursuing a highly-visible foreign policy focusing on peacemaking and development aid. (For a more cautionary analysis, see Milne 2014.)

However, not all countries have politically embraced oil. In Britain, for example, North Sea oil supplied 10% of government revenues in the 1980s, but was it effectively invisible in the politics of Margaret Thatcher – and of her opponents. (More 2009) There was a moral reluctance to acknowledge the wealth that came from the happenstance of discovering oil, and there was the simple fact that the oil boom took place in north-east Scotland, 500 miles from the London elite. Hence “the impact of oil on the British metropolitan intelligentsia and its imagination was practically zero.” (Jack 2013) On the other hand, north of the border the flow of oil revenue boosted support for the Scottish Nationalist Party, who captured 30% of the vote in 1974 with the slogan “It's Scotland's oil.” Oil and gas revenue remains key to the economic viability of an independent Scotland, and hence to the political confidence of the nationalist movement. (MacCrone 2014) Similarly, the prospect of a cornucopia of oil revenues from local oil fields has fueled independence movements in Iraqi Kurdistan (which has enjoyed de facto independence since 2003) and South Sudan (recognized as independent in 2011).

### **Russian national identity: a work in progress**

Before discussing the nuances of oil and gas in Russian identity it is worth explaining the broader dynamics of nationalism in post-soviet Russia.

National identity, understood as a subjective sense of belonging to a collective with a shared culture and history, is constantly evolving in the face of social and political changes, the ebb and flow of migration and shifting international alliances. (Smith 1993) Even in well-established nation-states such as Britain or France the turn of the 21<sup>st</sup> century saw intense debates about the character of national identity.

However, few countries have experienced as wrenching a change to their identity landscape as Russia. For seventy years, Soviet schoolchildren were taught “the Soviet Union is my motherland” (*maia rodina – Sovetskii Soiuz*). However, in December 1991 the Soviet Union was abruptly dissolved – and overnight the “Soviet people” (*Sovietskii narod*) disappeared from the historical stage.

The Soviet Union consisted of more than 120 ethnic groups (or “nationalities” as they were called), above which the state promoted a trans-national civic identity – the Soviet people. Initially, Soviet identity was built around the idea of a classless communist society in which social inequality and ethnic differences

would wither away. By the 1980s, however, few people believed in the communist utopia, and Soviet identity rested on two planks: the Soviet Union's prowess as a great power (represented above all by victory in the Second World War) and her scientific achievements (symbolized by the launching of Sputnik in 1957).

The new Russian Federation maintained the core institutional features of the Soviet Union's nationality policy. (Rutland 2010) Individual citizens continued to have their ethnicity inscribed in their passport (until it was finally abolished in 1997) and 21 from among the largest and territorially concentrated ethnic groups had their own autonomous republics among the then 89 subjects of the federation. However, the trans-national Soviet identity had disappeared into history, and the new administration of President Boris Yeltsin struggled to define a new national identity to take its place. Yeltsin's main advisor on nationality policy, Valerii Tishkov, urged the promotion of a multinational, civic identity. (Tishkov 2012) He encouraged Yeltsin to use the term "*Rossiiskii*" (a word pertaining to the Russian state, inclusive of all citizens) and not "*Russkii*" (which denotes Russian ethnicity and language). However, the emergent institutions of democratic rule were too weak and ineffective to secure the loyalty of the population and form the basis for a new civic identity.

In contrast to liberals such as Tishkov, nationalists argued that Russia should become a nation-state, built upon the ethnic Russians that made up 80% of the population (who had only accounted for 53% of the population of the USSR). The problem with this was that it would reduce the fifth of the population who were not ethnic Russians to second-class status. The predominantly Moslem Chechens and Tatars were anyway reluctant to accept membership in the Russian Federation back in 1991. The Tatars were persuaded to stay, but Russia had to fight two bloody wars to persuade the Chechens to recognize Moscow's sovereignty.

When Putin ascended to the presidency in 2000, he made a concerted effort to restore Russia's national pride. While avoiding direct appeals to Russian ethnic nationalism, he brought back selected themes and symbols from Russia's Tsarist and Soviet past – Tsarist uniforms for the Kremlin guard, the Soviet national anthem, and so on. Putin's victory in the second Chechen war, and his assertive presence on the international stage, helped to restore Russians' sense of their country as a great power. A 2003 poll offered respondents a choice between a higher standard of living and Russia being a Great Power: 54% chose living standard but 43% opted for being a Great Power. (New Barometer 2003) The economic boom of the 2000s (driven by the rising world price of oil) also helped to boost Russian confidence. Opposition forces were squeezed out of the political system and especially out of television, and a "personality cult" grew up around President Putin. Increasingly, Putin himself became the principal symbol of the new Russia.

However, the contradictions of Russian national identity – was it civic or ethnically Russian, *Rossiiskii* or *Russkii* – remained unresolved. The presence of large numbers of Muslim migrant workers from Central Asia and the Caucasus in Moscow and other large Russian cities was a source of conflict and xenophobia, especially as their numbers increased during the economic boom of the 2000s. Migrants from the republics of the Northern Caucasus (Chechnya, Dagestan, etc.) were themselves Russian citizens, but were equally resented by Russian nationalists. One flaw of the Soviet federal system was that ethnic groups had few rights outside the ethnic republics that were their titular homeland. For example, there are only four registered mosques in Moscow, serving an estimated two million Muslims. Meanwhile, a full-blown Islamist insurgency continued to rumble in the North Caucasus. Though suppressed in Chechnya, it subsequently spread to other regions, notably Dagestan.

Putin used the term *Russkii* more frequently than Yeltsin, and rarely used *Rossiiskii*. At times he seemed to be playing the ethno-nationalism card. For example, he met with Russian soccer fans after clashes

in Moscow between Russian and North Caucasian youth in December 2010. On the other hand, he shut down extremist groups advocating violence against migrants, such as the Movement Against Illegal Immigration.

Prior to the 2012 presidential election Putin published an article laying out his views on the “national question.” (Putin 2012) While calling for tighter controls on migrants he defended the country’s federal and multiethnic structure, in what was essentially a reaffirmation of the status quo. While deriding European multiculturalism, he described Russia as a “multiethnic civilization with Russian culture at its core,” a country which “is neither an ethnic state nor an American melting pot.”

Many hardline Russian nationalists gave up on Putin, criticizing him for failing to stand up for ethnic Russians, and arguing that his pursuit of a Eurasian Union was a Soviet-style project that would come at the expense of Russia. (Makarkin 2012) Some of them took to the streets alongside democrats and Communists in opposition to the rigged State Duma elections in December 2011, and in the wake of Putin’s announcement that he was returning to the presidency in 2012. The liberal opposition leader Alexei Navalny has often deployed nationalist rhetoric such as the slogan “Stop Feeding the Caucasus!,” so the alliance was seen as a credible threat to Putin’s rule. (Laruelle 2014) Putin responded by clamping down on the protesters while launching a new campaign against Western interference in Russia’s domestic affairs.

Given the complexities and contradictions of the national identity narrative at home, Putin had increasingly looked outward for a clearer statement of what it means to be Russian. He strongly opposed US-led interventions in Kosovo (1999), Iraq (2003) and Libya (2011), and positioned Russia as standing up to US hegemony. (Tsygankov 2013) He saw the latter as evidenced in NATO’s eastward enlargement and in the “color revolutions” that toppled pro-Moscow governments in Georgia (2003), Ukraine (2004) and Kyrgyzstan 2005). This culminated with Russia going to war against Georgia in August 2008 to preserve the independence of South Ossetia. This assertive posture resonated with the Russian public. A 2011 Levada Center poll found 78% of respondents supported the idea of Russia restoring its status as a “great empire” and only 14% were opposed (Levada 2011).

This great power narrative abroad was accompanied at home by a new emphasis on the cultural distance between Russia and the West. The European Union and US were portrayed as corrupt and decadent because of their support for gay rights and their defense of the Pussy Riot punk band, jailed for two years for inciting religious hatred. (Sharafutdinova 2014) The antagonism towards the West reached a crescendo in the Ukraine crisis of 2014. Putin pressured President Viktor Yanukovich to withdraw from signing an association agreement with the EU in November 2013. This triggered popular protests and the toppling of Yanukovich in February 2014, in response to which Putin annexed Crimea and sent paramilitaries to support separatists in east Ukraine. Russians rallied behind their leader: Putin’s approval rating surged from 61% in October 2013 to 86% in June 2014. (Levada 2014)

Putin had apparently come up with a national narrative that had deep emotional resonance for the Russian people. Unfortunately his actions were anathema to Russia’s neighbors, and may well prove politically and economically unsustainable. The strategy of confrontation with the West runs diametrically against the interests of the oil and gas sector, which depends on selling energy to Europe and importing Western technology and expertise to develop new off-shore fields in the Kara and Barents seas. However, Putin seems to have chosen to define Russian national identity and interests in terms of geopolitical security rather than economic integration and well-being.

## **The role of oil and gas in Russian national identity**

### 1) *Oil and gas in the Russian economy*

In Russia, oil and gas are arguably of equal importance in Russia's political economy, both domestic and international, and correspondingly in shaping national identity. Oil export revenues are three times larger than natural gas exports, but inside Russia gas accounts for three times as much energy usage as oil. Gas is piped into most of the nation's homes for cooking, accounts for half of the home heating, and generates 50% of the nation's electricity. (US EIA 2013)

Even though gas exports earn far less than oil exports, they are more politically salient because of European concern about their vulnerability to interruptions of gas supplies that transit Belarus and Ukraine. Russia accounts for 35% of Europe's crude oil imports and 30% of her gas imports, but alternative supplies of oil are easy to obtain, while gas would require constructing new de-liquification facilities.

Oil is sold domestically at a price roughly equivalent to the price it fetches on international markets, while Russian gas consumers only pay about 30-50% of what European customers pay. While oil companies are occasionally called on to deliver cheap deliveries of oil to farmers, or the remote towns in the Far North, it is Gazprom which is the main vehicle for transferring some of the country's energy wealth to Russian citizens.

During the 1990s, the oil and gas sector suffered from the "transition recession" along with the rest of Russian industry, with oil production falling to 50% of its 1989 peak by 1995. This decline was exacerbated by the slump in world oil prices, which bottomed out at \$12 a barrel in 1998. Oil regions turned to barter to survive. (Rogers 2014) In the midst of that drastic collapse, the oil industry was hastily privatized into a dozen competing firms. (Gustafson 2012; Sim 2011) Some of the oil companies fell into the hands of buccaneering outside entrepreneurs, especially through the loans-for-shares auctions of 1995-1996.<sup>6</sup> Others remained under the control of regional elites (such as those Tatarstan and Bashkortostan) or Kremlin-loyal industrialists (such as Lukoil and Surgutneftegaz).

This pluralism of managerial styles in the oil industry stands in contrast to the more stable and monolithic image of Gazprom. The gas industry was saved from "wild privatization:" the former Ministry of Natural Gas preserved as a majority-state owned corporation, Gazprom, which retained its monopoly over the pipeline network and over most gas production. (Stern 2005) This was largely thanks to former gas minister Viktor Chernomyrdin, who served as prime minister from 1992-98. He was picked to head a political party "Our Home is Russia" which performed reasonably well in the 1995 State Duma elections, finishing in third place with 10% of the vote. However, despite being a state-owned company Gazprom was more or less immune to public oversight and democratic accountability. Like the privatized oil companies, Gazprom used off-shore banks and trading intermediaries to hide some of its export earnings.

In the 2000s, Putin reasserted a degree of control over the industry by consolidating ownership in the hands of state-owned companies. (Bradshaw 2009) Rosneft took over the assets of Yukos after the arrest of its founder Mikhail Khodorkovsky in 2003, and Gazprom acquiring Sibneft in 2005. (At the same time he allowed one of the top private companies, TNK, to forge an alliance with BP.) Gazprom remained intact and in majority state ownership, though it faced competition from rising independent producers such as Novatek. Although the new system seemed designed to better protect Russia's national interests

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<sup>6</sup> For a documentary treatment of the industry's history, see "Energetika Rodina" (The Motherland's Energy) (Russia 1 TV, 2011). <https://www.youtube.com/watch?v=7SQ5MBFGGm0>

than the free-for-all of the 1990s, in practice a small group of insiders with close ties to Putin continued to exert inordinate influence over the sector, and the wealth of these and other energy barons continued to accumulate. (Dawisha 2014)

## 2) Corporate campaigns

In recent years the leading energy corporations including Gazprom, Rosneft and Lukoil have launched publicity campaigns to improve their public image. The main slogan of the Gazprom campaign in 2010, marking its 15<sup>th</sup> anniversary, was that Gazprom was a “national treasure” (*natsional'noe dostoianie*). Lukoil’s slogan was “Our future” (*nashe budushchee*). In this they are following in the footsteps of international oil companies – no American viewer of public television will be unaware of the virtues of Chevron. The most sophisticated and persuasive corporate commercials are perhaps those by Norway’s Statoil.<sup>7</sup> The author was not in a position to systematically analyze these corporate PR campaigns – but their omnipresence of their billboards in Russian cities planted the idea of studying the broader question of just how oil and gas fit into the Russian national narrative.

For those who are curious, some Gazprom commercials are available on YouTube.<sup>8</sup> They tend to emphasize safety and security, and use children to symbolize the country’s future. There is also a video showcasing the Gazprom company song<sup>9</sup> – and one for Lukoil.<sup>10</sup> Videos from the Tatarstan oil company Tatneft videos also available on YouTube.<sup>11</sup>

A striking – and controversial – example of the use of social media for petro-politics was the appearance of the Academic Ensemble choir of the Moscow Military District on Ren-TV on 2 January 2009 – the day gas supplies were shut off for Ukraine.<sup>12</sup> They performed a song mocking Ukraine’s dependency on Russian gas. Their appearance was part of a broad media campaign attacking the authorities in Kyiv. The campaign seemed to have the desired effect – that month, for the first time, the Levada poll found that Russian public attitudes towards Ukraine went negative, spiking to 60%.<sup>13</sup> (Otherwise, both before and since January 2009 Russian negatives towards Ukraine were in the range of 20-40%.)

Gazprom is planning to move its headquarters from Moscow to St. Petersburg in 2015. (Khodiakova 2014; Dixon 2010) In 2010 protests by city residents and international preservationists forced them to abandon their plan to build a 1500 foot office tower (the tallest in Europe) inside the city, and move the project to a location outside the city center. In the meantime, Gazprom has been funding urban

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<sup>7</sup> “The Ekofisk song,” (December 2006)

[https://www.youtube.com/watch?v=VCsI7Q\\_iOOo&list=PLA43063EF4432E213](https://www.youtube.com/watch?v=VCsI7Q_iOOo&list=PLA43063EF4432E213);

“Statoil good ideas: the gas machine,”

[https://www.youtube.com/watch?v=eng\\_0EVQYGO&list=PLA43063EF4432E213](https://www.youtube.com/watch?v=eng_0EVQYGO&list=PLA43063EF4432E213);

<https://www.youtube.com/watch?v=c0106C3U3UU&index=28&list=PLA43063EF4432E213>

<sup>8</sup> <https://www.youtube.com/watch?v=RMeoN9I91cY&list=PLA43063EF4432E213>; “Gazprom: a national treasure,” <https://www.youtube.com/watch?v=L4Pe5IcP0Jo&list=PLA43063EF4432E213>;

<https://www.youtube.com/watch?v=FTYHY7RNxJU>.

<sup>9</sup> [https://www.youtube.com/watch?v=xGbI87tyr\\_4&list=PLA43063EF4432E213](https://www.youtube.com/watch?v=xGbI87tyr_4&list=PLA43063EF4432E213)

<sup>10</sup> <https://www.youtube.com/watch?v=FkdyiM1R23Q&list=PLA43063EF4432E213>

<sup>11</sup> “Pokolenie Tatneft,” 7 March 2013 <https://www.youtube.com/watch?v=fZTK6ITwieg>; “10 let SAP v Tatnefti,” (December 2011) <https://www.youtube.com/watch?v=m8MRLDhVPCA>

<sup>12</sup> <https://www.youtube.com/watch?v=A7RD5ONjv8M> The shut-down lasted 17 days, and was part of a dispute over debts and the price for 2009 deliveries.

<sup>13</sup> <http://www.levada.ru/02-04-2014/otnoshenie-rossiyan-k-drugim-stranam>



beautification projects, such as the installation of period lamps in pedestrian zones in downtown St. Petersburg, with “gift of Gazprom” (*Gazprom – gorodu*) banners. Since 1999 they have been investing heavily in St. Petersburg’s Zenit soccer team, propelling the club to victory in the UEFA cup in 2008. In 2012 Gazprom became one of six official corporate sponsors of the European Champions League.<sup>14</sup> At Putin’s request Gazprom has bankrolled the new Continental Hockey League, a would-be rival to the US National Hockey League. (Jokisipila 2011) Gazprom was also deeply involved in covering the construction costs for the Sochi Olympics, and in 2011 signed a \$130 million pledge to help prepare Russian teams for Sochi.<sup>15</sup> However, it is not clear that these efforts always redound to Gazprom’s favor, since it may merely remind Russians how much money the corporation has to throw around. The \$80 million purchase of the Brazilian player Hulk for Zenit in 2012 was particularly controversial.

### 3) *Survey findings*

In order to probe public opinion on the role of energy in national identity, three questions pertaining to oil and gas were included in Romir’s June 2013 nationwide survey of 1,000 respondents.<sup>16</sup> The survey tested respondents’ familiarity with, and support for, the Gazprom “national treasure” slogan. It also probed their attitude towards Russia as an “energy superpower” (*energeticheskaia sverkhderzhava*) and, on the other side, Russia as a “raw materials appendage” (*syr’evoi pridatok*). The latter phrase has been a staple of Communist Party propaganda since the early 1990s.

The survey found a public with a strong sense of identity: 52% were “very proud” and 41% “more proud than not” of their nationality. (Q 8) (91% of the sample was ethnic Russian.) 44% were very proud, and 43% more proud than not, to be a citizen of Russia. (Q 9) However, the survey also found a deep sense of alienation from the political process. 80% agreed with the statement that “people in power do not care about people like me” (Q 31) and 63% could not place themselves on a left-right scale. (Q 59)

Respondents were divided on controversial ethno-nationalist issues: 43% wanted to deport all migrants, while 48% disagreed. (Q 22) 57% agreed with the slogan “Stop feeding the Caucasus” (Q 38). On the other hand, 74% thought that radical Russian nationalist groups should be banned. 20% thought Russia should expand to the borders of the former USSR, and 22% to include Ukraine and Belarus. (Q 35) Only 23% saw Russia as part of European civilization, a plurality saw it either as a mixture of Europe and Asia (31%) or a separate civilization (32%). (Q 37)

However, this groundswell of support for nationalist values does not easily translate into political mobilization. Most respondents did not see any clear leadership being exercised by the political parties on issues of national identity: 30% saw no difference between the parties on this issue, and 36% found it hard or refused to reply. (Q 61) Somewhat surprisingly, Vladimir Putin personally scored low on the nationality issue. While 36% of respondents were willing to vote for Putin as president, and 39% said they had voted for him in 2012, only 14% saw him as the leader best placed to handle the question of national identity. (Q 20, 73, 63) Putin’s own stance on nationalism issues has vacillated over the years, with him preferring to stake out a position of state patriotism, above the nationalist fray. (Rutland 2010) However, Putin’s position has shifted markedly since 2011, culminating in the March 2014 annexation of Crimea, and this may have changed public attitudes towards him on this issue.

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<sup>14</sup> They also have sponsorship deals with the football clubs Chelsea (UK), Schalke 04 (Germany) and Red Star Belgrade (Yugoslavia). <http://www.gazprom-football.com/en/GAZPROM/1.htm>

<sup>15</sup> <http://www.insidethegames.biz/olympics/winter-olympics/2014/13043-russia-signs-multi-million-dollar-deal-with-gazprom-to-prepare-team-for-sochi-2014>

<sup>16</sup> This supplementary survey was conducted as part of the Neoruss project.

Regarding energy issues, 32% of respondents fully agreed, and 35% were inclined to agree, with the slogan “Gazprom is a national treasure.” (Q 38) Only 8% said they had not heard the slogan. The higher educated, and those aged 45-59, were 12 points more likely to agree with the slogan than those with secondary education or aged above 60. So Gazprom seems to have a quite positive image amongst the Russian public – particularly amongst the better educated.

On the question of whether Russia is an energy superpower, 29% fully agreed with the statement, 35% were inclined to agree; 25% were inclined to disagree and 5% completely disagreed. Only 12.5% had not heard the slogan. As with the Gazprom slogan, it was 45-59 year olds who were most supportive (72% in the top two categories, compared with 58% for over 60 year olds and 62% for 18-24 year olds).

The Communist slogan, that Russia should not be a “raw materials appendage” of the West (or China, for that matter), had not been heard by 16% of respondents, but drew the support of 63%. Somewhat surprisingly 70% of those with higher education supported the slogan, versus 57% of those with secondary.

The results show that the Russian public is cognizant of the energy issue and has a reasonable degree of consensus on the topic. On many other important issues pertaining to national identity, such as attitudes towards migrants, the public tends to be split down the middle. Roughly two thirds of respondents see Gazprom as a national asset and regard Russia as an energy superpower – yet at the same time they are worried that the country may be too dependent on energy. The fact that they subscribe to both the superpower and appendage interpretations is a sign of contradictory attitudes, in that they respectively valorize energy as good and bad for Russia.

However, one should not be surprised to find that public opinion is contradictory on this (or any other) issue. This can be seen as a rational response to a complex world. The American public likes to go to war but does not like to see casualties, they hate Congress but like (and re-elect) their own congressional representative, and so on. (Foyle 1999; Gaubatz 1995) Specifically regarding foreign trade, Americans (like Russians) see the potential benefits of international trade while being wary of the exposure to competition and dependency on international developments that trade inevitably brings. (Hermann et al 2001)

**Table 1 Public attitudes towards energy politics**

**Percent agreeing\* with the slogan:**

	Gazprom is a national treasure	Russia is an energy superpower	Russia should not be a raw materials appendage
Central **	82	79	77
Northwest	59	40	31
South	72	74	82
Volga	65	64	61
Urals	62	57	39
Siberia	48	46	50
Far East	53	59	80

average	67	64	63
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\* “fully agree” and “inclined to agree” combined.

\*\* Federal District

One striking finding from the ROMIR survey was the differences in response across the different federal districts. Clearly, one cannot talk of a single “Russian” attitude towards the place of energy in national identity. The Central district had a high approval rating for Gazprom, presumably reflecting some combination of an effective publicity campaign and satisfaction with the gas service. The Northwest district’s lower ranking may be influenced by the controversy over the Gazprom tower in St. Petersburg. Gazprom’s ratings decline as one heads further east, which reflects presumably the fact that gasification is still not complete in Siberia and the Far East.

However, the sharp regional differences in attitudes towards energy were not confined to Gazprom. The apprehension about being a “raw materials appendage” was over 80% in the South and Far East but below 40% in the North West and Urals. In the Far East they are presumably watching Russia’s timber and oil being shipped over the border to China, but it is harder to explain the sensitivity of the issue in Southern Russia. The North West is the recipient of much foreign investment (and investment in oil exports), and thus sees the benefits of trade. The Urals district includes Tyumen, the main source of Russian oil and gas for the past several decades. Some of the Tyumen wealth has spread to the regional capital, Ekaterinburg.

In the 1990s, when Moscow’s political authority was weak and Russia’s regions were asserting their autonomy, there was a great deal of academic interest in exploring the mosaic of regional identities across the vastness of Russia. (Kolsto 2003) With Putin’s recentralization drive, academic interest in that topic seems to have waned somewhat. However, this survey reminds us that there is not one Russia, but 85 Russias, with each region having its own distinctive political microclimate.

There is a literature on protest movements across Russia that document the wide regional variation in social mobilization. (Robertson 2009; Greene & Robertson 2010). Protests against hikes in utility prices – peaking in 2005 – have been an important stimulus of unrest over the past 20 years. Utility prices are the main conduit through which abstractions about Russia’s energy wealth translate into pocketbook issues for ordinary Russians. Because of the sensitivity of consumers to utility prices, despite a decade-long effort to increase gas and electricity prices, they still remain at 30-50% of European levels. Susanne Wengle (2012) has written with great insight about the sharp regional differences that emerged in the course of privatizing the electricity monopoly RAO EES. A relatively competitive market emerged in European Russia (albeit dominated by Gazprom), while aluminum producers gained control in Siberia, and the power network in the Far East remained state-owned and heavily subsidized. Further research is required to explore the different attitudes towards the energy complex across the various regions of Russia.

#### 4) *Elite discourse*

Only one academic source thus far has directly addressed the role of oil and gas in debates over Russian national identity. Bouzarovski and Bassin (2011) focus on the elite discourse promoting the idea of Russia as an “energy superpower.” That is certainly a central concept in the debate over the role of oil in Russian society, but it is not uncontested, and it is by no means the only meme in circulation.

Reading the Russian press and popular books on politics, one finds plenty of criticism of Russia's dependency on oil, and relatively few examples of commentators extolling the benefits of oil for Russian economy, state and society.

In the popular literature – newspaper articles and mass-market books – Konstantin Simonov (2005, 2006), who heads the National Energy Security Fund, is a relentless advocate for using Russia's oil and gas wealth to restore Russia's super-power status. But even he is critical of the Kremlin for failing to make the most effective use of the energy weapon. More typical are the works of Aleksei Mukhin (2006) which document the intricate web of corrupt dealings and political maneuverings around the commanding heights of the oil and gas industry, or Panyushkin and Zygar' (2008) which talk-up Gazprom's influence.

In order to supplement my impressions from published materials, in July 2013 I conducted interviews with a dozen intellectuals and practitioners involved in promoting the Kremlin's public image. I also discussed the topic with a class of 40 students at the Russian Academy of Economics and Public Service in St. Petersburg in March 2014

I was surprised at the incredulity with which my interlocutors reacted to my question about the place of oil and gas in Russian identity. To a person, they vehemently denied that there was any chance that the Russian elite could weave oil and gas into the national narrative. They were also skeptical that publicity campaigns by Gazprom and Rosneft could do much to turn the situation around. (Although the survey data suggest that these campaigns have been quite successful.) They saw such campaigns as at best an irrelevance and at worst part of a sinister plot to divert public opinion away from the important issues that might actually create a more solid sense of national community – such as tackling the corruption endemic to Putin's system of rule, and opening up the autocratic decision-making process to democratic accountability. Ironically, such views were expressed with particular vigor by those of my respondents who were closest to the Kremlin and themselves tasked with improving the system's image. The Russian elite, therefore, seems to be in a state of petro-denial.

### **Explaining Russia's relationship to energy**

There are at least five factors that should be taken into account in explaining the ambiguous place of oil and gas in Russia's national narrative.

#### *1) Russia's deep historical roots*

In contrast to the newly-forged petro-nations discussed above, Russia's national narrative has roots far deeper and broader than the oil and gas wealth. Russian identity is built on rich, deep and strong foundations – but at the same time the components of that identity are strongly contested, and the subject of bitter political and philosophical arguments. The debate over Russian identity has been going on for 150 years – is it European or Asiatic, religious or secular, ethnically Russian or multi-ethnic, imperial or national? This crowded landscape of identity politics has not left a place for oil and gas. Nations with a weaker national identity tradition, or one with greater consensus, might find it easy to weave oil into their national discourse.

The main components of Russia identity from Tsarist times focus on territory, military conquest, and religion. (Tishkov 2013, Tolz 2001) The dominant theme is that of Russia as embattled fortress (*osazhdennaya krepost'*). The Soviet period added a new focus on social and economic development – but oil did not feature particularly prominently in the socialist narrative. Oil was an extraction industry, while pride of place in the Soviet pantheon went to the most modern manufacturing industries – power

engineering, machine tools, etc. Electricity was famously seen as a symbol of modernity in many countries, and was endorsed by Lenin himself (“Communism = Soviet power plus electrification”). Dams for the production of electricity were especially important, in the Soviet Union and elsewhere, incorporating the element of man’s mastery over nature.

More broadly, construction also featured prominently in Soviet propaganda, presumably because of the physicality and visibility of built objects, and the sense of completion when the project was done. It was easy to mobilize around a construction project, such as the Baikal-Amur Railway in the 1970s. (Ward 2009)

In the energy sector, coal mining was a central feature of socialist propaganda – giving birth to the Stakhanovite movement in the 1930s. Coal miners were especially important for socialism because there were large numbers of them; they were obviously exploited, slaving deep underground; they were concentrated in easily mobilized locations; and they played a leading role in anti-capitalist struggles in Russia and elsewhere. (Mitchell 2009) Curiously – because the industry was less important in China than in the Soviet Union – Communist China’s answer to Stakhanov was “Iron Man Wang,” an oil industry worker who leapt into a pool of liquid concrete to prevent it from hardening prematurely.

In contrast, oil and gas did not leave a lasting mark in Soviet agitprop. One notable exception is the 1933 documentary film “Baku oil symphony,” a masterpiece of socialist realism.<sup>17</sup> To the extent that the sector featured in national campaigns, it was for the completion of projects such the Druzhba oil export pipeline (1960-64) and Bratstvo gas pipeline (1982-84). These were construction campaigns, and did not particularly dwell on the oil and gas travelling through those pipelines – where it came from, or where it was going

Oil and gas have not featured prominently in the protracted national debates over Russian identity since 1991. However if one turns to the regional level, one can find examples of oil and gas playing a important role not only in the political economy of producer regions but also their sense of who they are as a community. Doug Rogers’ fieldwork in Perm krai has documented the ways in which Lukoil has embedded itself in local communities, funding cultural events and the revival of “traditional” village practices. (Rogers 2012) The bosses of the ethnic republics of Tatarstan and Bashkortostan – Mintimer Shaimiev (1991-2010) and Murtaza Rakhimov (1993-2010) – used control of their regions’ oil wealth to consolidate their political machines, but also fused oil into their narrative of their nations’ ethnic and religious distinctiveness. Oil was both a practical and ideational means for asserting sovereignty vis-à-vis Moscow. (Magomedov 2000; Sharafudinova 2011; Graney 2009) Diamonds played a similar role in Sakha, and coal in Kemerovo, but in oil and gas producing regions such as Tyumen or Sakhalin local identity politics became subsumed under battles for control of the industry amongst Moscow-based oligarchs and state bureaucrats.

## 2) *Corruption*

One major factor inhibiting the acceptance of petrocarbons into Russian identity is the association of the sector with profiteering and corruption. (It helps that oil itself is dirty and unpleasant: gas is “clean,” but

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<sup>17</sup> The film was shot in Baku, but nearly all the workers appear to be Russian or Slavic. “Simfoniia Bakinskoi nefti” (Baku Oil Symphony) V. Pumpianskii director, 1933.  
<https://www.youtube.com/watch?v=HWK96Ipi2Mo>

dangerous.)<sup>18</sup> As one of my informants explained, social inequality is the dominant factor in shaping Russian public attitudes today, and all issues – including oil and gas – are immediately seen through the prism of class conflict. The underclass suspect they are being tricked, while the elite try to use the issue to paper over social inequalities.

Polls consistently show that Russians are deeply dissatisfied with the way that the privatization was carried out in the 1990s, and convinced that the country's political and economic elite are personally corrupt. The oil sector in particular is seen as central to the growing social inequality and personal enrichment of a narrow elite that occurred in the transition to the market economy. So no politician or intellectual trying to define a new national identity for Russia will want to invoke the oil and gas industries, lest the audience be reminded of the troublesome 1990s and the rise of the super-rich oligarchs.

Given this legacy of the 1990s, oil and gas carry deeply negative connotations for ordinary Russians. There is a risk that publicity campaigns by companies such as Rosneft or Gazprom to improve their image may trigger negative memories for Russians exposed to them. Another complication is that the power struggles of the 1990s have not disappeared. The toppling of Mikhail Khodorkovsky in 2003 and take-over of Yukos by Rosneft, followed by the sale of Roman Abramovich's Sibneft to Gazprom, left Russia with two rival state champions whose struggle for influence spilled over into a bitter public relations battle between the two sides in 2013. (Khvostunova 2013) This merely served to reinforce the public perception that the oil and gas complex is more about self-interest than about collective well-being.

Take for example the phrase "What is good for Gazprom is good for Russia" (*to, chto khorosho dlia Gazproma – khorosho dlia Rossii*), an adaptation of the phrase from the 1950s, "What is good for General Motors is good for the USA."<sup>19</sup> One does not come across it very often: a Google search throws up mainly ironic or negative uses of the phrase (such as "what is good for Gazprom is bad for Russia"). In a Gazprom meeting one official did conclude with the phrase "What is good for Gazprom is good for the state, and what is good for the state, is good for Gazprom."<sup>20</sup> The emphasis on the state, as opposed to the Russian nation, is telling.

### 3) *Environmental concerns*

Russians are strongly aware of the unique natural endowment of their country, the largest in the world. A sense of the vastness of the Russian territory, and the material riches within it, is integral to Russian identity. (Josephson 2013) However, this is a powerful but diffuse emotion that rarely translates into political action. One such occasion was the 1986 nuclear reactor accident at Chernobyl, which released radiation over a wide expanse of territory and required extraordinary efforts to contain the disaster. It is often forgotten that the anti-nuclear movement that arose in the wake of Chernobyl was one of the most important forces driving the social mobilization of the perestroika era that led to the collapse of the USSR. (Dawson 1996)

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<sup>18</sup> See DJ Smash, "Ia liubliu nef't'" (I Love Oil), July 2013, <https://www.youtube.com/watch?v=EuLgHzuZaw>

<sup>19</sup> In fact, GM president Charles Wilson never uttered that phrase – what he actually said, in 1953, was "what was good for the country was good for General Motors and vice versa."

<sup>20</sup> Pavel Zavalnyi, quoted in Gazprom press release, 15 June 2012. <http://www.gazprom.ru/press/reports/2012/good-for-the-state/>

Environmental concerns remain uppermost in the minds of many Russians. In the Romir June 2013 survey, 67% of respondents said that they considered the environment to be under threat. Oil and gas companies are generally seen (with reason) as a part of that threat. One of the earliest – and most successful – social movements of the perestroika era was the drive to tackle pollution in the city of Kirishi in Leningrad oblast, the site of a major oil refinery and other chemical works. (Tsepilova 2007) Although the environmental movement lost much of its steam in the economic crash of the 1990s, it revived in the 2000s. For example, there was a blockade of a Gazprom refinery in Astrakhan in 2000 over environmental concerns. (Myers 2000) Occasionally the nationalist movement and environmentalism have overlapped. In 2013 for example Cossacks attacked nickel drilling rigs in Voronezh.<sup>21</sup> There is also a recognition that the age of “easy oil” is over and the future extraction of “heavy oil” and “shale oil” through fracking will impose a greater cost on the environment.<sup>22</sup> As the industry moves further north and east, it increasingly encroaches on the territory of native peoples, who see environmental preservation as central to their cultural survival. (Borodyansky 2014)

Despite this sympathy for the environment, ordinary Russians seem to buy into the Kremlin’s hostility towards foreign involvement in Russian politics on this issue. The September 2012 Greenpeace protest on Gazprom Neft’s Prirazlomnaia oil platform drew international attention to Russia’s ambitious plans to push deep into the Arctic Ocean, but attracted little support amongst the Russian public. In an October 2013 Levada Center poll, 30% approved of the activists’ arrest on the grounds of Russian national interests, and another 26% approved citing the threat of damage to the platform and its operations.<sup>23</sup> Only 27% disapproved of the arrests, either because the protest was peaceful, or because the police were seen as defending the interests of energy oligarchs. Most of the 28 protesters were foreigners, and sensitivity to Russian sovereignty seems to have outweighed environmental concerns in the public’s response. According to a VTsIOM poll, 42% saw the Greenpeace action as a front for foreign intelligence agencies bent on seizing Russia’s Arctic resources. (Kravtsova 2013)

#### 4) *Dependency on foreigners*

In an international context, dependence on oil exports is seen as consigning Russia to a lowly place in the international pecking order. One of the most popular slogans of the Communist Party in the early 1990s was that Russia was becoming a “raw materials appendage of the West” (*syr’evoi pridatok zapada*). Nationalists argued that the break-up of the Soviet Union itself had been engineered by Russia’s Western adversaries in order to gain access to Russia’s energy resources. Now, with the construction of pipelines to China, fear of dependence on China has joined anxiety about the West.

In this reading, Russia’s vast natural wealth – which is a central component of Russian identity – becomes a curse, not a blessing, since it makes Russia vulnerable to foreign intrigue. One of the favorite metaphors in the press is of Russia “sitting on the oil needle” (*sidia na neftianoi igle*), evoking images of heroin addiction. It is not only communists who use this language – Aleksei Kudrin used the phrase in a November 2013 lecture making the case for further liberalization of the economy. Some analysts disagree, of course, arguing that high oil revenues are Russia’s ticket to superpower status. (Benediktov

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<sup>21</sup> <http://www.themoscowtimes.com/news/article/cossacks-with-icons-in-hand-set-drilling-rigs-ablaze-in-protest-video/482093.html>

<sup>22</sup> “Tyazelaia neft’,” (2011), <https://www.youtube.com/watch?v=4MCZUmlg8X4>

<sup>23</sup> “Arest i obvineniia aktivistov,” Levada Center, 11 November 2013. <http://www.levada.ru/11-11-2013/arest-i-obvineniya-aktivistov-grinpis-v-predstavleniyakh-rossiyan>

2012) Energy Minister Aleksandr Novak points out that the oil industry is a high-tech sector and as it grows it generates demand for other industrial sectors. (Beliakov 2013)

Leftists and nationalists in countries outside Russia make similar complaints about her subordinate position in the global division of labor, and “resource nationalism” – mobilization around the theme of foreigners exploiting a nation’s mineral wealth – is a common refrain all around the world. (Bremmer 2008) Even in Saudi Arabia, the fact that the oil industry required bringing foreigners onto the sacred soil of the land of Islam from the outset triggered fierce criticism from Islamic fundamentalists, and led to the strict segregation of foreigners and tight controls over the political opposition. (Vitalis 2009)

But it is interesting to see how in the Russian case energy is viewed through the prism of national security, and how security in turn is framed as a question of territorial integrity.

This theme of foreign vulnerability did not disappear in the 2000s, even as the economic hardships of the 1990s gave way to the economic boom of 2000-06. For example, Starikov (2014) sees the oil price rise of the 2000s as part of a Saudi-American plot to destroy Russia by maintaining its dependence on oil while they supposedly colluded to destroy the USSR by slashing oil prices in the 1985 Plaza Accord. He also notes that the receipts of the Stabfond are invested in US treasury bonds – enabling the US to benefit from cheap loans, while Russian business is starved of accessible credit.<sup>24</sup>

Communists aside, even the Kremlin itself has been very ambivalent about opening the door to foreign investment – even while acknowledging that foreign capital, technology and management are vital for developing the new fields that Russia urgently needs to develop to sustain production levels. (Bayulgen 2010) Over the past 20 years, neither Yeltsin nor Putin were able to use oil and gas to forge reliable strategic partnerships with Europe or Asia. (Sultanov 2014) Putin did succeed in building a special relationship with Germany’s Gerhard Schroeder and Italy’s Silvio Berlusconi, and although those two men have left office the economic ties between their countries and Russia remain strong, especially with respect to new pipeline projects (North Stream and South Stream) to increase their imports of Russian gas.

##### 5) *“Backwardness”*: energy dependency as a brake on growth

Finally, part of the public disdain for oil and gas in Russia reflects a feeling that the extraction of petrocarbons is a “primitive” form of economic activity, suitable for a developing country but not for a mature, educated society.<sup>25</sup> This does have a foundation in the academic and policy debate about the “resource curse” – that is, a belief that oil and gas development tends to distort the nation’s economic development, through an over-valued currency, vulnerability to fluctuations in the global oil price, and the concentration of wealth in the hands of those controlling the resource rents. (Ross 2013)

These are all quite abstract and complex concepts, but anyone can grasp the importance of the question “What happens when the oil runs out?” This has been the subject of TV chat shows, and a witty song by Yuri Shevchuk of the group DDT.<sup>26</sup> Russia has seen individual fields hit their peak and go into rapid decline – but less than half of Russia’s vast territory has been prospected for oil and gas development.

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<sup>24</sup> For a documentary treat of the role of oil in the Soviet collapse, see “Zapakh nefi” (The Smell of Oil) (2012) <https://www.youtube.com/watch?v=pmBrOakLMzA>

<sup>25</sup> On the relationship between nationalism and economic development in Russia, see Kangas (2013).

<sup>26</sup> “Kogda zakonchit nefi?” (When will the oil end?), DDT Peredelkino concert, 2007. <https://www.youtube.com/watch?v=BAjD1rEVCKo>



Russia may not have hit its oil peak but it has certainly hit its oil plateau, in the sense that new supplies can be brought onstream only so long as world prices stay above around \$100 a barrel.<sup>27</sup> Barring a catastrophic slump in oil prices (that is, a return to the pre-2005 average price of \$35 a barrel in 2014 dollars), Russia should be able to maintain current production levels for several decades to come, well beyond the time horizon of contemporary political mobilization.

It is also something of a misrepresentation to regard oil and gas development as a “backwards” sector. In fact, the whole spectrum of the industry is very technologically demanding, from prospecting, to drilling, to pipeline construction, to refineries. Energy has been at the cutting edge of science and technological innovation for the past century and a half, and the Soviet Union was a world leader in some of those technologies. For example, it was the first to develop the turbo drill (a drill with a motor at the bit end), which is key to the current fracking revolution. (Gustafson 2013, 159) However, Russia missed out on the 3D and 4D revolutions in seismic technology over the past two decades, needed to locate and develop hard-to-find fields, just as they have fallen behind in turbines and refining technology. Other countries such as Norway and Brazil have invested heavily in energy technology and have become world leaders in offshore drilling, a capacity that Russia has entirely lacked.

Russia could have been much more proactive in pouring resources and political attention into R&D in the oil and gas sectors, harnessing their natural comparative advantage in resource endowment to their Soviet-era scientific legacy. But that route has not been followed. Instead, the political economy of oil and gas has been dominated by the struggle over the short-term rents which the sector produces, and the concomitant ownership rights.

## Conclusion

Russian identity remains a work in progress, and is the subject of fierce political contestation – or would be, if Putin allowed more pluralism in the political system. It is not just a question of *how* Russia is defined, but also *who* gets to define it.

Russian oil and gas corporations, who exert strong influence over the Russian economy and over behind-the-scenes political decision making, have largely stayed in the shadows when it comes to the debate over Russian national identity. The energy oligarchs formed an uneasy alliance with the market liberals under President Boris Yeltsin, but this alliance effectively fell apart under Putin, with the arrest of Mikhail Khodorkovsky in 2003. (Sakwa 2014) That left the security establishment (the *siloviki*) with the upper hand in the political system – and in exerting control over the articulation of the national narrative through the mass media and schools. Thus in the period after 2011 we have seen increased emphasis on religion, patriotic values, military achievements and defending the rights of ethnic Russians – and a downplaying of the oil and gas upon which Russia’s prosperity actually rests.

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<sup>27</sup> <http://crudeoilpeak.info/russia-peak>

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