Ethnic Communities and Ethnic Entrepreneurship in Russia

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In this article I would like to describe in a nutshell the outlines of a new and completely unexplored field of sociological research. The case in point is that of economic networks formed on the basis of ethnic communities in Russian cities. Similar studies have become widespread in many European countries and in North America. Nevertheless, the peculiarities of the social transformation taking place in contemporary post-Soviet Russia call for considerable correction of the general theoretical conclusions emphasized by Western researchers.

The subject of my report emerged from reflections on the results of a research project "Formation of ethnic communities in St. Petersburg and Berlin" which I carried out together with Ingrid Oswald in the years 1995 and 1996. This research has shown that the construction of ethnicity and its presentation by former Soviet citizens essentially differ in various ethnic groups. Apart from this, the entire construction of ethnicity in Russia has its specific features which derive from, firstly, a strong survival of previous Soviet identity; secondly, the liquidation of ethnic communities in Russian cities in the 1930s, which resulted in a disintegration of ethnic identity in the course of socialization; and thirdly, the specific features of the ongoing transformation of Soviet society.

Therefore the processes of reconstruction of ethnic identity and the formation of ethnic networks in Russia are extremely diverse. Emigre former Russian citizens, as a rule, do not create ethnic communities as such, just as they do not join already existing relevant ethnic networks. For instance, post-Soviet Jewish immigrants to Germany are entitled to be members of the Jewish community in Germany. But membership is seldom more than a formality which allows "Jewishness" to be used as a resource for increasing the efficiency of their new life strategy. They perceive religious German Jews as a completely alien group, far more distinct from themselves than Germans in general. "Our people" for them are "Russian Germans", Russians, Tatars, Armenians or Kazakhs and so on from the former Soviet Union. Together with these people they unite in concrete networks of mutual support among the Soviet immigrants regardless of
their ethnic affiliation, besides that of being "Soviet" or "Russian-speaking", which is up to a point the same thing.

Since ethnic networks function on criteria that unite the Russian-speaking "community", the former "Soviet" identity has to be interpreted as ethnic identity, which shows much the same well-known principles as other ethnic affiliations and accordingly influences ethnic network formation. Both economic strategies and the search for an economic "niche" in the market correspond to a generally accepted picture. Distinctive features are mostly due to the specific Soviet form of socialization, which has its own drawbacks and advantages so far as the struggle for resources is concerned. Although these latter features must be left for future study, we are already able to raise hypothetical questions about some aspects of established theories of ethnic entrepreneurship. Since these theories are based on data for West European societies, they will necessarily have to be reinterpreted by confrontation with studies conducted in the post-Soviet space. Basic specifics of Soviet society, and unique features of the subsequent transformation processes have a dramatic effect on the emergence and expansion of economic strategies applied by ethnic minorities in Russian cities as well as on the origin of ethno-economic networks.

In this respect, researchers face a vast virgin land of sociological problems. On the one hand, this difficult situation is caused by the fact that Soviet ethno-sociology was highly ideologized, and even today is focused on a limited number of subjects. Whereas in the past this discipline mostly dealt with the study of "friendship among peoples" and of the formation of a single "Soviet" nation, it is today almost exclusively investigating regional ethnic conflicts. Besides, the canonization of quantitative methods, the absence of reliable statistical data, and an inbuilt tendency to "catastrophe scenarios" among committed sociologists have given rise to intellectual constructions created under strong political influence.

On the other hand, many of the recent processes at work in Russian society did not even exist until a few years ago. There were no earlier grounds for ethnic entrepreneurship, since neither business nor ethnic networks existed. The ongoing reforms are creating totally new social institutions, they have initiated radical transformation of the entire system of social relations and caused dramatic changes in ideas about norms and values, thus destroying established identities and creating new ones.

As far as I know, there has been only one attempt to view ethnic entrepreneurship as a research problem in Russia. The project in question was conducted by Vadim Radayev, and is based on the results of a mass survey among businessmen in 1993. In his article Radayev mentions that it was not easy to persuade his colleagues to include the item "nationality" in the questionnaire, because in the context of the new democratic environment such questions were considered to be politically incorrect. One of the results of the study was that non-Russians are more active businessmen than the Russians are. The term "non-Russians" refers especially to the "Caucasians", first and foremost Armenians, whose proportion in businesses is 4 to 5 times higher than their ethnic proportion of the city population (Radayev, 1993).

It has to be acknowledged that the business activity of certain ethnic minorities is essentially more intensive than that among members of the dominant nations, i.e. for example among Russians in Russia. However, the conclusions of Radayev - since they are entirely deduced from some general questions about nationality in the questionnaire - have to be corroborated by other - qualitative - methods. For instance, our research on the ethnic identity of Russian citizens leads to at least two important conclusions: firstly that ethnic affiliation formally registered in personal documents most commonly defies all attempts at interpretation; and secondly that even if the registered "identity" is sufficiently pronounced in a respondent's mind, this does not automatically mean that the respondent is a member of an ethnic network.

If we follow Radayev, active business behaviour is rather pronounced among Jews. At the same time we know that the overwhelming majority of those Russian citizens who are formally registered as Jews have not formed an "appropriate" identity - that means, they take part in business as "Russians" and never create any separate Jewish economic networks. Consequently, formal adherence to an ethnic minority is not the point.

Of course, I am no follower of the views of Sombart who explained peoples' business activities by racial-biological and natural-climatic factors, since for a sociologist social phenomena should be explained only by social factors. Therefore, I consider of major importance the conclusions reached by a number of researchers, primarily American. According to them higher business activity of ethnic minorities can be explained by their marginal position in society. Marginality, as a rule, seems to be the most important constituent feature
of new entrepreneurship. In this sense, ethnic entrepreneurship depends on the degree of marginality of the ethnic minorities in question.

From this point of view in Russian cities today there are only two ethnic groups whose position can be called marginal without any doubt, and who have formed communities. The groups in question are the Azeri and, to a lesser extent, the Armenians; as a result of developments in the last few years we could enlarge the list to include the Vietnamese and maybe also the Chechen groups. But in the case of St. Petersburg we can speak about ethnic economic networks, and about efforts to gain market access through economic niches only with reference to the first two groups, although there are more than 60 different ethnic associations legally registered in the city. Our research suggests that most of these ethnic organizations could be rather called leisure clubs, unifying people with common cultural interests, and playing a certain role in public space by representing a new collective ethnic identity. But in contrast to this public manifestation ethnic identity does not play any essential role in the private or everyday life of the individual members. If there exists any developed individual sense of marginal existence which should be compensated for by ethnic networks, it is usually not caused by ethnic but by other social factors.

An important specificity of Soviet society was the almost total absence of ethnic networks in large Russian cities. For at least two generations ethnic identity formation was interfered with by "Soviet" identity, and the few small communities still preserved from the 1930s were purely religious ones which had no prospects for business activities at all. Besides the well-developed shadow economy only two legal business opportunities could exist before perestrojka: firstly, the sale of agricultural products in the "kolkhoz marketplace", where the activities of migrants from the Caucasus and Soviet Central Asia were already visible; and secondly, the provision of some small services, mainly repair services, although the so-called "handicraftsmen working by themselves", i.e. self-employed artisans, were up to the 1960s deprived of even the right to unite in artels or co-operative associations.

Except for the already mentioned religious communities, there are in fact only two cases where one can speak about developed ethnic networks existing before the reforms. One of them is completely mythologized and has never been studied by anybody - the case of the Gypsies. Their ethnic traditions could not be suppressed even by the Soviet state. The social borderline separating the

Gypsies from the rest of the society has been strongly reinforced from both sides, which is why crossing it seems difficult for a sociologist.

The other case - even more mysterious - relates to the Assyrians, who escaped from the genocide in the Ottoman Empire in the 1920s. A part of them were settled in big Russian cities, where they almost immediately succeeded in developing an economic niche: shoe-making and repair. After private production was terminated, the Assyrians managed not only to maintain their ethnic network over several decades, but also to preserve an economic base. Shoe-cleaning and small repair was a monopoly of this ethnic group protected by efficient ethnic borders. Nevertheless, the Assyrians were not marginal in an ethnic sense, but on the contrary well integrated into society, thus being not socially different from other Soviet people. As yet there exist only two or three papers devoted to this ethnic group in Russian cities, and they are written by ethnographers. To my mind, this research could be of great profit for a sociologist interested in further investigation of this case.

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Summarizing our understanding of the functioning of Soviet social structures, we can fix the starting-point of our analysis in the following way. In pre-reform Russia there existed no ethnic networks, because of the absence of a material and organizational basis. It is evident that huge masses of migrants lived a marginal life in the big cities, but they could not constitute independent ethnic communities, since the modalities of their social integration were defined and organized by the state. And these modalities were by no means of an ethnic nature, although in the public sphere this conclusion is less applicable to the Jews.

There are two factors that have favoured the development of ethnic entrepreneurship in the current period of transformation in Russia. Firstly, the reforms have provided more and more market space for private initiative. At the same time, rapid social changes have affected each Soviet citizen. With the loss of habitual attachments, the failure of former economic strategies, and the fundamental change in the system of norms and values, the majority of ex-Soviet citizens felt their marginality. In a certain sense it is possible to claim that a general "migrant complex" spread over the whole society: people felt themselves as if they were in exile in their own native country. But at the same time as entrepreneurship arose, new market opportunities multiplied, and the neces-
sity to search for new survival strategies provided a considerable impetus to the growth of business activity, at first mainly in the shadow economy.

However, at the beginning of the reform period business activity was not painted in ethnic colours. As already mentioned, formal adhesion to an ethnic group or "minority" was not combined with the intention to use ethnic solidarity as a resource. Such an ethnic solidarity did not exist, since Jews, Tatars, Armenians and so on were engaged in businesses as "Russians".

Another reason for the emergence of entrepreneurship that turned out to be ethnic in its further development was the massive migration from the former Soviet republics into the big Russian cities as a result of warfare, ethnic conflicts and simply economic misery. By far the greatest flow of migrants at the beginning of the 1990s was that from Azerbaijan and Armenia. A great number of migrants from these regions "got stuck" in the Russian cities, and encouraged a considerable chain migration. As a result, the number of migrants with correspondently ethnic affiliation increased several times in all big Russian cities, among them St. Petersburg. Unfortunately, there are no exact numbers, because statistics on migration are contradictory owing the absence of reliable registration and the huge number of illegal migrants.

These refugees and forced migrants became marginals in the very negative sense of the word, because the state could no longer assume responsibility for their social integration. The culture of these migrants is not only different from an ethnic point of view, since they are often even unable to communicate in the Russian language. The more important barrier is their origin in rural regions, which hampers their integration into urban culture and life-style. One should take into account that the differences between urban and rural milieus in Soviet society have always been, and still remain, fundamental ones. Rural populations only recently migrated into Russian cities can even be considered as a specific "ethnic" group.

These are the conditions for the development of the first ethnic communities in the Western sense of the word, i.e. accompanied by the formation of their own economic interests and corresponding strategies. They are not identical with the above mentioned leisure clubs, but consist of another social contingent, namely of the new migrants who are now shaping economical structures by using ethnic solidarity as a resource. These communities provide help for settling newcomers, and for security them jobs, in order to incorporate them into the ethnic networks. The Soviet institutions for integration of new migrants are now almost totally replaced by ethnic networks which allow the postponement of individual strategies. The established ethnic organizations pursuing only cultural interests - the "leisure clubs" - do not want to be mixed up with the new ethnic networks. For instance, Azerbaijani citizens of St. Petersburg who have been residents for quite a long time in the city deliberately separate from their "ethnic brothers". The latter suffer from a bad reputation as traders and monopolists in the local bazaars, and very often from xenophobia against persons of "Caucasian nationality" which is widespread among the citizens. This situation may be described as the existence of two different ethnic communities, both of them, by coincidence, called "Azeri". One of them consists of well-established persons whose everyday life and employment structure do not differ from those of the average citizen of St. Petersburg; the other of the not favoured co-ethnic newcomers who are compelled to build up their own ethnic structures. In this particular case the economic niche developed within the frame of the ethnic network consists of trade and sale of vegetables and fruit.

Up to the present day there is no relevant ethnic segregation in the city as ethnic colonies or "ghettos". Compact settlements of particular ethnic or social groups could not develop in Russian cities, because under the Soviet regime it was not possible to choose the place of residence according to personal preferences. Therefore, ethnic territorial segregation is only now about to emerge - a fact that, of course, hampers the development of certain economic niches. This mainly relates to services for the Azeri population itself, whereas the delivery of "exotic" goods for local needs, and some general services for all citizens, are well developed. Besides the already mentioned niches the job market is relatively-closed to newcomers. The tendency to leave non-prestigious jobs to migrants cannot be sustained in the course of transformation; competition on the labour market is fierce for any kind of job.

Since ethnic entrepreneurship in big Russian cities is nowadays expanding under conditions of growing legal discrimination against "non-Russians" or "strangers", and of more and more visible xenophobia among the indigenous population, a considerable amount of ethnic business is unfolding as part of the shadow economy. Nevertheless this gradually expanding sector will become more and more legal, as refugees and forced migrants do not have much choice in selecting their survival strategies, and tend to legalize their status and their business.
Though I have only just begun my research in this area, the following preliminary theoretical considerations can be suggested.

I argue that the ethnic economy in Russia can be explained by the so-called "disadvantage theory", which refers to a disadvantageous socio-economic position of minorities. Under the condition of widespread xenophobia and social discrimination, certain ethnic groups are surely in a disadvantageous position. This relates first and foremost to the situation in the labour market, where new migrants cannot compete on equal terms with the indigenous population. As relevant studies show, the unemployment rate is extremely high among newcomers, and if they get jobs, their wages are essentially lower (Jonson, 1981).

As our studies show, inter-group differences in business activity are not strongly connected with inter-group differences of cultural traditions and with values that encourage business aspirations. Ethnic solidarity in the contemporary Russian economy is typical only for the new migrants who suffer from immense integration problems. But at the same time these experiences and drawbacks do not touch their "compatriots" who came earlier. The two constituents of the ethnic "group" in question have neither common interests nor the desire for mutual help, i.e. there is no ethnic "mentality" or "spirit" that would lead to common economic activity.

Better explanations are offered by approaches which describe the influence of a given cultural context on ethnicity as a reactive one. They show how certain cultural practices are formed in response to a new environment, and how they are able to legitimize survival strategies once chosen (Auster and Aldrich, 1984). The so-called "theory of reactive ethnicity" adequately explains the current situation in Russia, treating the ethnic economy as a consequence of reactive ethnicity. The high ethnic solidarity which emerges in response to the loss of a group's status can be described as a major resource for ethnic entrepreneurship, for self-employment, and for social ethnic networking.

Under Russian conditions ethnic solidarity is even able to (temporarily) unite several ethnic groups, since ethnic borders are strongly protected by the profiteers of the dominant culture. For instance, we face the appearance of a new "ethnicity" - the so-called "Caucasians" or "persons of Caucasian nationality", which is no official category, and in fact includes several dozen extremely different ethnic cultures. As a result of the hostility to newcomers from the Caucasian regions, members of the Tabasarani, the Talysh and of some other ethnic groups decided to join the Azeri economic networks. Within the struggle

for survival in Russia, ethnic differences that are extremely important in the Caucasus itself are losing their meaning.

It is highly possible that the development of the market economy will lead to a convergence of the ethno-economic processes in Russia with those in Western Europe and North America. Therefore, we should profit from the unique opportunity and investigate the origins of ethnic business under the conditions of total transformation of the former Soviet society. I hope that it will be possible to refine established theoretical conceptions of ethnic entrepreneurship.

References


Ethnicity, Nation, Culture
Central and East European Perspectives