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Certainty and Vulnerability in Oil Boom Russia

Douglas Rogers

I woke at home on the morning of September 14, 2008, to National Public Radio reporting a plane crash just outside of Perm, Russia, the main city in the region where I have been doing fieldwork for some seventeen years. Eighty-eight people—all aboard—had died. Russian news sources did not have much more to say than NPR, other than adding some eyewitness reports, mourning the dead, and announcing state agencies' investigations. Rumors, of course, quickly began to circulate; they would have, even if the Russian government released a report on the incident (which, to date, it has not). The pilots were drunk, one said. A Russian military commander in the Chechen war was on board and rebels had taken their revenge on him by blowing up the plane, said another.

One such rumor caught my attention in the summer of 2009, when I was next in Perm. Terrorists from the Caucasus had hijacked the plane, a taxi driver told me. They had planned to crash it into the headquarters of Lukoil-Perm, the local subsidiary of Russia's largest private oil company, in the center of downtown Perm. But they never made it. The plane was shot down before it got there, he told me, either by the Russian military or, perhaps, by Lukoil's own security forces. This, he added, accounted not

just for the crash, but also for the ongoing secrecy of the investigation. When I inquired among friends and acquaintances in Perm, I confirmed that this was a fairly widely circulating version of events, although the alleged target shifted between Lukoil-Perm's administrative offices in downtown Perm and its major refinery in the city's industrial district, closer to the site of the crash (and the airport). A Russian online forum included a lengthy discussion of whether intentionally crashing a plane into a refinery could, in fact, start a fire that would burn an entire city district to the ground.

I found this rumor interesting because it so clearly adopted and transformed the logic of the September 11, 2001, terrorist attacks in New York City. Rather than the target being a symbolic center of American-led finance capital, it was a symbolic center (or productive center, in the refinery variant) of the Perm Region's oil industry. Rather than al-Qaeda terrorists targeting the United States, it was terrorists from the Caucasus—presumably Chechen—targeting the Russian heartland. Rather than civilians bringing down a plane before it could reach its destination, it was the military that acted swiftly to save the population—or perhaps the oil company itself, which, this version of the rumor assumes, possessed surface-to-air missile capabilities on par with the Russian state's.

Western academics and newspaper readers are accustomed to reading about the centrality of oil and gas to the new Russian economic and political order, and especially about Russia's emergence as an "energy superpower" throwing its weight

around and threatening supplies of energy to Europe and Asia. Russia's natural resources have made it strong and dangerous again, this common story goes, and energy-consuming states are vulnerable. The rumor about the plane crash outside of Perm does indeed locate oil at the center of life in this Russian region, but it does so in some unexpected ways. It is a story of vulnerability and anxiety, of a much larger catastrophe barely avoided; there is no self-assured, swaggering petrostate here. Additionally, the unmistakable adoption of the main narrative elements from the events of September 11 places Russian vulnerabilities alongside American ones, subverting both the common framing of Russia as Cold War opponent reborn from the ashes of socialism and the sharp divide often drawn between oil exporters and oil importers in the global economy.

My current research in the Perm Region is about how oil—and energy more broadly—figures centrally in Russian life in ways, like this rumor, that social scientists often overlook. An ethnography of Russian oil reveals quite different dynamics afoot in today's Russia than those pointed out in media reports or academic studies that focus

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on economic statistics, comparisons of mineral-exporting states around the world, or headline-grabbing disputes at the “commanding heights” of the Russian and global economy. Rather, my fieldwork shows that Russians associate oil and circulating oil money with vulnerability, uncertainty, and instability as frequently as they do with confidence, certainty, and stability.

From Soviet to Post-Soviet Oil

Oil has flowed from beneath the Perm Region of Russia, in the Western Urals, since the 1930s, but has only become central to regional imaginations, politics, and economics in the last ten or fifteen years. The late entry of oil into the Russian political economy is an uncommon story in the global oil industry, where the discovery of oil has most often led to booms that massively reconfigure local relationships of all sorts. There is a simple and important reason for this difference: whereas nearly all discoveries of oil around the world have taken place in the contexts of capitalism, the oil discovered near Perm was lauded as “the first Soviet oil.” Oil pumped from beneath the Perm Region thus emerged into and flowed through a socialist society for some sixty years. Exploration and extraction took place according to centrally issued plans that were not foremost about efficient production or long-term stewardship of deposits. Oil was then refined and transported to consumers largely according to state plans for industrialization, rather than market principles. Even the backroom deals outside the official plan in the Soviet “second

economy” were limited when it came to crude oil: with few uses until it was refined, there was not much value in stealing, hoarding, or trading oil. Elements of the sprawling and inefficient Soviet state apparatus, in sum, took on the role of uniting production, refining, and consumption that “vertically integrated” oil companies played in most of the rest of the world.

The net result of all of this was that for all of its importance to Soviet modernization and industrialization, oil never generated capitalist-style profits or oil-boom inequalities in the Soviet Union. It was, in fact, a fairly low-prestige industry, far below the Perm Region’s celebrated factories—those icons of Soviet modernization and might—in the regional pecking order. One person I spoke to, a proud former factory employee herself, summarized her dismissive attitude toward the oil industry in the Soviet period: “An oil worker? An oil worker? Who’s that?”

All of this began to change rapidly in the 1990s, as emerging elites in Moscow and the regions privatized and fought over state-owned enterprises in the Russian oil industry. Most of the oil industry in the Perm Region eventually entered into the domain of Lukoil, Russia’s largest private oil company, with operations that now span the former Soviet Union and extend into the Middle East, Africa, and parts of the United States. As global oil prices rose dramatically in the first decade of the 21st century, previously unimaginable sums of money flowed into oil-producing regions of Russia, including the Perm Region. Corporate profits and state tax revenues from oil surged, and oil industry workers climbed quickly to the top of emerging hierarchies of prestige. By 2010,

taxes from oil revenues comprised nearly a quarter of the Perm Region’s budget.

Oil and New Cultural Certainties

Anthropologists researching the post-Soviet world in the 1990s frequently commented on the pervasive sense of uncertainty they encountered during fieldwork in the region. How to piece together a market from the rubble of centralized state planning? What did it mean to become a consumer in a newly capitalist context? What kinds of social and political collectives were appropriate and effective? These questions extended to cultural identities as well. After decades of Soviet cultural construction, in which state agencies sought to build and manage culture along the road to communism, what did it mean to have a national or cultural identity? In what was it rooted? How, where, and when did one demonstrate it? Many citizens of Russia said they were unsure. By the 2000s, however, some answers to these questions were emerging, and they took on a much greater air of certainty than the tentative, provisional mood of the 1990s permitted.

In the Perm Region, oil and oil money were major components of this process of increasing certainty about cultural identities. This is one underappreciated way that I have found oil to be central to life in the Perm Region. The story begins with Lukoil-Perm’s consolidation of control of the Perm Region’s oil industry in the 1990s and its skyrocketing profits due to rising world oil prices. In a society unaccustomed to massive inequalities in wealth, the new rich of

the oil industry were frequent targets of complaint, especially in districts where unemployment was high following the shuttering of Soviet farms and factories. As one former Lukoil-Perm employee told me: "I wouldn't say there were public conflicts, but there was tension about the contrast in lifestyle between oil workers and other people." In the early 2000s, and partially in response to this simmering discontent, the leadership of Lukoil-Perm formed a new division called "Connections with Society" tasked with managing and improving the company's relationships with government agencies and local communities.

The Connections with Society division promptly began a concerted effort to change public opinion about the company, to soften critiques coming from those residents of the Perm Region who had been excluded from new oil wealth. The main thrust of its initial efforts was, perhaps, surprising: it sought to sponsor the recovery of local cultural traditions and identities that had been lost in the Soviet period. One specialist who worked on these projects told me that her work was helping people in various districts of the region to "understand who they are ... to understand their location in time and space." She would travel to Lukoil-Perm's production

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districts, consult with local museum and library employees, and help to develop a "brand" for the district—a crystallization of its unique cultural attributes that would serve as the basis for local festivals. The brand would enable the production of distinctive folk crafts and attract tourists, who would eventually become a new source of income for depressed and unemployed districts. Lukoil-Perm's idea for the newly unemployed in its production districts was, as another former employee told me, "sit home ... sew, make pottery, do something else, and maybe you can get some sort of income."

Lukoil-Perm was nothing if not persistent in this effort, and it was one of the earliest and biggest supporters of the production of folk culture in the Perm Region in the post-Soviet period. The Connections with Society division poured tens of millions of rubles into initiatives aimed at reviving, celebrating, and proclaiming the distinctiveness of local culture in its production districts. It sponsored folk centers, festivals, and the reconstruction of museums. It started a festival honoring "Historical Cities of the Kama River Basin" that moved from city to city in oil-producing districts. An annual show and sale for folk craft producers, held in Perm's giant exposition center, became enormously popular, drawing nearly 10,000 visitors in 2010. In each of these events, the name and distinctive logo of Lukoil-Perm sidled up to men and women in "traditional" clothing, to hand-sewn rugs and bread made with pre-Soviet recipes, and to ensembles of folk singers and dancers. A headline in one Perm newspaper proclaimed, "The Oil Industry Finds Something in Common with Folk Artisans."

Lukoil-Perm judged its efforts a success. One participant in the design of these projects told me that since the 1990s,

Lukoil has done something enormous. It has, step by step, changed the way people relate to it ... All of these [social and cultural] projects gave the possibility to the population to feel that they can, precisely with the help of Lukoil, do something themselves. And so the payoff for Lukoil was high ... this all gives Lukoil the ability to work calmly in oil-producing areas.

"So," said another former employee reflecting on the work of the Connections with Society Division, "Using the mechanism of folk crafts, by giving grants and things like that, we brought [people in oil-producing regions] to a level at which they are not offended at how well oil workers are living."

These are surely overstatements of the company's success at erasing critiques of its massive new wealth. To be sure, I heard many different sides of the story as well. But these comments nicely capture both Lukoil-Perm's desired outcome and its preferred

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means of attaining that outcome: undercutting critiques of new oil-based inequality by means of sponsoring new identities rooted in folk and traditional culture. This phrasing showed how the provision of new cultural identities facilitated Lukoil-Perm's successes, a process by which non-oil-workers in its production regions rediscovered who they were after the uncertain 1990s. At least according to Lukoil, they credited that discovery to the company. In ways traditional economic statistics do not capture, then, oil became tightly tied to the fostering of new senses of cultural certainty in the Perm Region. "Protecting Traditions—Lukoil-Perm," read the massive billboard outside the company's regional headquarters in the summer of 2009.

The Anxieties and Vulnerabilities of Oil

Lukoil-Perm's tireless and effective public relations office ensured that the link between oil and cultural certainties filled the air, not only in the assertive visibility of celebratory festivals themselves, but in a stream of newspaper articles and frequent segments trumpeting Lukoil's partnerships with cultural initiatives on the evening news. At the same time, other ways of thinking about the centrality of oil and oil money circulated, usually less visibly and less systematically. Here, the talk was less about certainty and more about vulnerability, crisis, or anxiety. The rumor about a hijacked plane headed for Lukoil-Perm's center of operations was perhaps the most dramatic of these, but I encountered a great many others, too.

While buying a birch bark necklace for my daughter at the Lukoil-sponsored folk crafts fair in 2010, for instance, I heard a different side of the story about the centrality of oil to one of the Perm Region's districts. The stall proprietor responded to my question about Lukoil's cultural initiatives with a detailed complaint. The company was doing nothing about unemployment in her district, she said; oil was central to the regional economy all right, but the company was actively making everything else peripheral by refusing to hire local workers for any jobs. Youth unemployment was hitting new highs. She would be going home to bring the schoolchild who had made this necklace my 100 rubles (about \$3), she said, and she would try to convince him that he could find a job using his hands. She seemed barely convinced of this possibility herself. What was oil bringing to her hometown other than a salty taste to the water (the result of pumping salt water into oil deposits to increase the pressure in old wells)? What would the future be like for this schoolchild? Nothing seemed certain or confident here.

Indeed, the global financial crisis, the potential for falling oil prices, and their implications for the Perm Region were a frequent topic of conversation when I visited Perm in both 2009 and 2010. Ordinary Russians' talk about the crisis, and the place of gyrating oil prices in it, was somewhat different from crisis talk in the United States in part because, as my Russian interlocutors never failed to remind me, Russians have become accustomed to crises. Indeed, many of the characteristic social expressions of oil booms and busts were already very familiar to those who had lived through the 1990s in

Russia. Falling employment reminded everyone of trying to find a job after the closing of a Soviet farm or factory. The odd behavior of money growing exponentially one day, to be gone the next, followed the same patterns as early post-Soviet pyramid schemes. Expanding and once again evident inequalities replayed the rise of the much-maligned "new Russians"—the very conditions that Lukoil-Perm's Connections with Society Division had spent a decade trying to reverse.

"By comparison with the crisis of 1998," one state official told me, "this is a holiday." Nevertheless, the new crisis that falling oil prices portended summoned the uncertainties and anxieties of the 1990s and redeployed them for an age in which the oil money coursing through the region had become a source of instability. Will we need to go back to planting potatoes at our dacha to make ends meet? Will salaries be delayed again? Can we pay off that loan we took out to buy the new car? These are the questions my friends pondered in 2009 and 2010, now, often enough, with one eye on the ways in which the Perm Region had become dependent on oil revenues. One taxi driver put it in terms of addiction familiar in the United States: "We're living on oil the way a druggie lives on heroin."

Strikingly, these anxieties about employment and making ends meet, so familiar from the 1990s, were often accompanied in conversation by talk about other kinds of vulnerability, often quite bodily. There was the plane crash in 2008, then a horrific nightclub fire that killed more than 100 people in 2009. Also in 2009, a poorly inspected city bus lost its brakes and careened out of control at high speed for several

blocks in the center of Perm, amazingly killing no one but striking fear into the bus-riding population. What would be next? “People are scared,” said an old acquaintance, when I asked him what was new in the city just after I arrived.

In the summer of 2010, a modern art project in Perm, sanctioned and funded by the regional Department of Culture, erected a series of giant concrete blocks on the square in front of the regional state administration building in the shape of the letters *в-л-а-с-т-ь*—power, especially state power. The installation was a small part of the regional government’s sustained effort to brand Perm as a Cultural Capital of Europe, thereby attracting tourists and diversifying an economy heavily reliant on oil revenues. The concrete letters were intended to be a somewhat playful materialization of that which is so often immaterial—a concretization of power. Here, state power could be used for something as mundane as a bench. Katia, a friend of mine who worked in the 10-story administration building, however, was not amused. As I looked down on the concrete letters from her office window a couple days after the installation, she worriedly looked up at the sky. “Airplanes fly over here all the time,” she said, “and those letters are big enough to see from way up

there. You can probably see them on Google Earth. It’s like someone wants to make state power into a target.” How many occupants of tall buildings around the world have had similar thoughts of vulnerability as they looked at the skies in the past decade?

Many experts and commentators cast the citizens of energy importers (usually the United States and Europe) as vulnerable to the whims of powerful energy exporters like Russia. An ethnographic perspective encourages us to think again. For all that oil is involved in the production of new certainties in Russia today, perhaps it would be useful to pay more attention to the shared senses of vulnerability and anxiety that are also central to both producers and consumers at the intersections of today’s global capitalism and energy regimes.

Douglas Rogers is assistant professor of anthropology at Yale University. His recent book *The Old Faith and the Russian Land: A Historical Ethnography of Ethics in the Urals* (Cornell 2009), won honorable mention for the Clifford Geertz Prize in the Anthropology of Religion. His research on Russian oil culture is supported by grants from the National Science Foundation and the National Council on East European and Eurasian Research.