The Siberian Curse: How Communist Planners Left Russia Out in the Cold

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The Siberian Curse: How Communist Planners Left Russia Out in the Cold Fiona Hill and Clifford Gaddy. Washington, DC: Brookings Institution Press, 2003. 240 pp. $18.95 paperback.

At a first glance, the title of The Siberian Curse: How Communist Planners Left Russia Out in the Cold by Fiona Hill and Clifford Gaddy, and the drab and desolate photo on the cover, bring forth two of the most stereotypical adjectives related to Russia: "big" and "cold." Despite that initial impression, the authors' approach to Russia's geographical features, both in historical and economic terms, is original and well researched. Although recent literature on productivity and economic growth normally treats geography as the only exogenous variable, Hill and Gaddy argue that the allocation of human and physical capital across Russia was not an accident of nature's making. Indeed, Soviet central planners made policy choices that exacerbated the country's adverse geographical and climatic conditions.

Hill and Gaddy draw on a variety of sources to support their thesis that productive resources were misallocated in Soviet Russia. To compare Russia's "cold" to other northern countries, the authors develop a statistic that should be useful for future research in this area. "Temperature per capita" (or TPC) is a population weighted measure of mean January temperatures in different regions and in Russia as a whole. Since Canadian and Scandinavian populations are concentrated in regions with milder climates, Russia has the lowest TPC in the world. But is cold temperature really a curse? The authors contend that it is a major impediment to productivity, both of equipment and labor. In an attempt to quantify the "cost of the cold," Hill and Gaddy refer to cold engineering research examining the effects of cold temperatures on workers' performance of different activities and provide bone-chilling accounts of machinery malfunctions as temperatures drop. Aside from production costs, people living in cold climes and the governments providing for them have to undertake adaptation costs in the form of heating, insulation of buildings, maintenance of infrastructure, and so on.

After convincing the reader that the Russian winter is not merely a romantic concept glorified by the poets and feared by foreign armies, Siberian Curse traces the geographic history of the country to explain why millions of Russians ended up living in cities like Novosibirsk and Khabarovsk. Even before the Bolsheviks took power in 1917, Siberia was the destination for farmers looking for fertile soils and for prisoners banished from the European part of Russia. However, it was only during the Soviet period that a state-enforced, systematic, and perverse version of manifest destiny was implemented regarding Siberia. One interesting point made by the authors is that the forced-labor camp system (GULAG) was not the product of an overzealous ideological spirit, but a calculated solution to the shortage of voluntary labor faced by Communist central planners. To follow the writings of Friedrich Engels and spread production equally across the country's space, labor and capital had to be reallocated from the center to the regions, and forced labor was less expensive to move. According to Hall and Gaddy, the GULAG contributed the most to the spatial misallocation of resources within Russia. However, the ideology of developing Siberia was not abandoned with the demise of Stalin and forced labor camps. Various incentive schemes, financial as well as ideological, were adopted by Stalin's successors and lasted until the fall of the Soviet Union.

The development of Siberia perfectly exemplified the difference between a profit-maximizing capitalist production system and the Socialist economy with its almost infinite time horizon and utter disregard for cost. Post-Soviet Russia now has to face the consequences of more than seventy years worth of resource mobilization to locations where production is more costly. Unlike Andrey Parshev's Why Russia Is Not America, Hill and Gaddy do not conclude from their historical and economic analysis that Russia is doomed to lose to global competitors because it is too big or too cold. Instead, they argue that wrong-headed central policy, not fate, drove Soviet citizens into Siberia and the Far North, and that policy can compensate for the mistakes of the past. The goal, according to the authors, is to warm Russia up by shrinking the excessively large Siberian cities. To accomplish this task, Siberian Curse offers a number of recommendations, most of which are hard to disagree with. Abolishing restrictions on mobility within Russia is key not only to promoting a more productive allocation of resources but also to shaking off the totalitarian legacy of the Soviet Union. In some cases, migration should be facilitated by housing and transportation incentives for those wanting to move.

The recommendation of renovating infrastructure in European Russian cities is a laudable cause and should be embraced not just because this would attract migration. However, the spirit of these suggestions hints at a disconnect in the authors' perspective. Although the historical chapters of the book rightly criticize the Soviet planners for not trusting market forces to guide labor to its most productive location, Hill and Gaddy advocate an interventionist policy in the opposite direction to the one undertaken by the Soviets. On the one hand, the authors are absolutely right that the Russian government should abandon grandiose programs to develop Siberia; on the other hand, there should be no policy of "depopulating" Siberia, either. The Russian state should provide a social safety net for citizens who wish to stay in Siberia or the Far North, because of long-held mistrust in official promises, because of established social networks, or because of better career prospects in extractive industries.

One major aspect of the current situation in Siberia and the Far North barely mentioned by Hill and Gaddy is the role of large private companies, such as Yukos, Sibneft, and TNK, in providing jobs and social infrastructure in Siberian cities. Although they acquired huge Soviet enterprises below cost, the owners of these privatized companies are now interested in keeping the labor force they inherited from the Soviet Union. In Norilsk, for example, the average salary of a NorNickel worker is six times the national average. Also, as Hill and Gaddy point out, "Siberian industries can only survive through being connected to the global economy" (205). To be accepted in the West, the business leaders of these companies are already implementing a variety of social programs and charity work in the name of social responsibility and corporate citizenship. It is possible that the Siberian burden on the Russian government could be alleviated by creating partnerships with private enterprises interested in keeping Russia's TPC below a certain mark.

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