Abstract The paper focuses on the Advanced Special Economic Zones (ASEZs), which should serve as growth engines for the Russian Far East (RFE). It may appear that, in launching this programme, lessening administrative barriers for businesses, and opening borders for capital and labour force, Russia prioritised a liberal, market-led method of regional development. However, experts doubt both 1) assumptions about liberalisation and 2) the contribution of the programme to the economic performance of the RFE. The article joins the choir of critics but, in contrast to them, does not try to answer the question of how to make this development programme work. Instead, it aims to reveal how the programme works and where it leads. The author argues that ASEZs work concurrently as a machine of depoliticisation and over-politicisation. Depoliticisation turns political issues of pumping resources out of the periphery into technical issues of regional development. At the same time, over-politicisation disguises problems of resource distribution with geopolitical threats, leading political content to be whitewashed and camouflaged.

Despite numerous projects and programmes for the development of the RFE, implemented from the 1920s to the present day, the macro-region continued to be perceived and imagined by the central government, economists, and experts as underdeveloped, problematic, or even depressed. In discussing the RFE as a problematic space, experts usually highlight, on the one hand, a lack of people and industries, and on the other, abundance of land and other resources. In numbers, this translates into the following. The total area of

1 Agafonov, Osnovnye problemy; Minakir, Far East.
2 Minakir, “Regions’ Economics.”
the RFE (the geographical RFE/the federal district\(^3\)) is 5.1/6.9 million km\(^2\) and occupies 36/40.6 percent of Russia’s area. However, the district remains the most sparsely populated (only 4.2/5.6 percent of the total population in 2018). By 2019, the share of GDP, investments in fixed assets, and the number of employees was inferior to the same indices of all other federal districts (except the North Caucasian). The economic model of the RFE has an export-raw character.\(^4\)

Scholars and experts\(^5\) have continuously—since the 1920s and to the present day—argued about whether and how the region could develop and why it has failed to do so. In Soviet times, all these discussions revolved around almost the same arguments: 1) the region does not have sufficient human capital and technological capacities to exploit its abundant natural resources; 2) its geographical proximity to Asia and distance from the political centre implies that the region could only develop if it integrates with neighbouring Asian states like China or Japan. However, such integration would a) require economically open borders incompatible with the Soviet system and b) lead to an invasion of foreign capital and people and create separatist tendencies, undermining the integrity and security of the Soviet state. As a consequence of 1) and 2), economic development was sacrificed. With the end of the Cold War and stabilisation of relations with China and Japan, these discussions did not stop. Liberalisation and opening of borders for Asian partners continue to coexist with a cautious attitude toward the East, with alarmist rhetoric of “Chinese penetration” and other conspiracy theories.\(^6\) As before, security—territorial integrity—is nominated as the primary goal of the region’s development, which is impossible without Asian partners.\(^7\) At the same time, openness continues to be associated with the threat of the loss of eastern territories.\(^8\)

In this paper, I focus on the latest development programme, namely, the ASEZs, which are a part of the territory of a constituent entity of the Russian Federation where a special legal regime for carrying out entrepreneurial

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\(^3\) The Far Eastern Federal District was established on May 18, 2000. In addition to geographical region of the RFE, it includes Zabaikalskii Krai and Buriatiia Republic.

\(^4\) Prokapalo et al., “Ekonomicheskaia kon’iunktura.”


\(^6\) Ivanov, “Pragmatizm i konspirologiia.”

\(^7\) Prezident Rossii, “Vstupitel’noe slovo.”

\(^8\) Larin, “Vneshniaia ugroza.”
activities is established (official information is available at the website). It may appear that, in launching this programme, lessening administrative barriers for businesses, and opening borders for capital and partly for international labour forces, Russia has prioritised a liberal, market-led method of regional development by focusing on the export orientation of ASEZ residents and attracting foreign investment. However, experts cast doubts on these assumptions. According to Arai, residents of ASEZs do not demonstrate explicit export-orientation, and hence, ASEZs still struggle, with little success, to become a tool for international integration. This observation is supported by Ming and Kang, who claim that, so far, there is little optimism about the attractiveness of ASEZs. Blakkisrud insists that Moscow is again using a “top-down model” of regional development that might lead to better integration with the rest of the country but not to international integration. Vakulchuk also doubts that ASEZs are oriented towards foreign investors, and he does not believe in a new and better bureaucratic mechanism of ASEZs. Furthermore, Izotov argues that ASEZs may stimulate implicit subsidies from some market players to others (and away from regional companies). Minakir and Prokapalo emphasise that institutional preferences for geographically limited areas will not allow the RFE to be developed. In other words, experts doubt not only specific liberal instruments (in particular, openness to foreign partners) but also the success of the programme in terms of its positive impact on the region’s development.

In this article, I will join the chorus of doubters of the ASEZs programme. Following J. Ferguson’s appeal to reject the politically naive question “how to make development programmes work?” in favour of a politically deeper one—“where do development programmes lead?”—I also ask the question “do programmes work the same everywhere?”

As a reminder, Ferguson has shown that development projects are machines to support and expand bureaucratic state power that take advantage of poverty as a point of entry and depoliticise the unfair distribution of poverty.

9 Russian Far East and Arctic Development Corporation, “Advanced Special Economic Zone.”
10 Arai, “New Instruments.”
11 Min and Kang, “Promoting New Growth.”
12 Blakkisrud, “Asian Pivot.”
13 Vakulchuk, “Asian Tilt.”
15 Minakir and Prokapalo, “Dal’nevostochnyi prioritet.”
16 Ferguson, Anti-Politics Machine.
land, resources, and money. In other words, Ferguson’s argument is that the “anti-politics machine” of state-sponsored development programmes turns political problems into purely technical ones. He also demonstrated that depoliticisation does not occur mainly because of the malice of the designers and participants but because of the neoliberal—in Foucault’s sense—logic bound into development programmes (see Section 1 for a more detailed theoretical framework).

Using the framework of neoliberal development critique, I reveal that ASEZs work as a machine for both depoliticisation and over-politicisation. Depoliticisation turns political issues of pumping resources out of the periphery into technical issues of regional development; at the same time, over-politicisation veils problems of resource distribution with geopolitical threats.

I suggest three main steps to unpack this thesis: 1) considering the activities of the political elite in establishing the Far East Development Corporation (FEDC) and the activities of ASEZs’ technocrats, I reveal the neoliberal essence of the ASEZs programme; 2) by scrutinising the procurement of the ASEZs’ infrastructure construction and procedures in some of the human resources departments, I unveil why ASEZs strengthen “bad governance” and unfair redistribution of resources in the RFE; 3) in analysing official discourse about the ASEZs’ “achievements,” I posit that the new development programme looks much more significant in political myths, much more interesting in political theatre than in actual economic life, and this over-politicisation causes the political content of the ASEZs programme to be whitewashed and camouflaged.

The empirical corpus of my research includes official documents (the president’s message to the Federal Assembly, laws regulating ASEZs, etc.), government websites, mass-media publications, participant observations, and 135 interviews generated by two projects launched in the SEM FEFU in 2016–17 and 2017–18 (“The Study of Rotational Labour in the RFE” and “Development Institutions in the RFE,” respectively).

The Human Capital Development Agency commissioned the first project. It aimed to identify the supply of labour for ASEZs and included thirty-one interviews with businesses, five interviews with recruiting agencies, and

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17 Foucault, “Governmentality.”
18 School of Economics and Management of Far Eastern Federal University.
19 Hereafter, I will refer to the data collected within the first project as “1. Labour” and to the second one as “2. Institutions.”
20 The Agency is located within the Russian Ministry for Development of the Far East (MDFE).
fifty-four with shift workers. As part of this study, we conducted interviews with representatives of both residents and non-residents of ASEZs (including several big companies, including Solovyevsky Mine, Dobroflot, RosAgro, Rimbunan Hijau, Zvezda Shipyard, and Vostochnaya Verf Shipyard). In the case of large companies, our interlocutors were the heads of recruiting departments, and in the case of small ones, usually directors. The duration of each interview was at least forty minutes. The second project was launched by the SEM and directly dedicated to the ASEZs as well as the Open Port of Vladivostok and the Far Eastern Hectare Programme. Together with thirteen MA students, we conducted thirty-seven interviews with businesses, including sixteen with ASEZ residents (five percent of the total number). The sample of sixteen ASEZ residents includes several enterprises that are the largest existing among the RFE’s taxpayers. These interviews were used to analyse how ASEZs are discussed and assessed by both residents and non-residents of ASEZs.

Within the aforementioned projects, we conducted eight semi-structured interviews with personnel of the FEDC. Several students who had been working with me on these research projects during their studies began to work at the Ministry. Half a year later, we unofficially met with these students again, so I was lucky to observe how young researchers changed their status from freshers to gatekeepers to technocrats. Also, as a principal investigator of both research projects, I participated in official discussions with the MDFE and FEDC representatives.

10.1 The World of Failed Development Projects and Neoliberal Logic of Development

The failure of economic development in catching-up countries is a global concern that has long been in the focus of different disciplines. Already in 1970–80, anthropologists were focused on specific policies and projects toward particular groups of people living “outside the West” and revealed that all attempts to improve their social standards usually fail. This led anthropologists to doubt the utopian vision of a postcolonial future, linear economic and social “progress,” the neutrality of the (neo)liberal agenda,

21 The Corporation is also located within the MDFE and serves as an operator of the ASEZs programme.
22 Belshaw, “The Contribution of Anthropology to Development.”
and the concept of “development” itself.\textsuperscript{23} Thus, instead of a “development vision,” anthropologists turned to “post-development deconstruction.” After that, anthropological critique was replaced by the ethnographic treatment of development as a category of practice. In the course of this, the focus shifted to some outliers or “positive deviants” who, despite all negative expectations, are doing well.\textsuperscript{24} Hopes for ASEZs to become a positive deviant were in place in 2015–18, but now such expectations have faded away.

I will base my argument on post-development anthropological critique. This critique was founded on the assumptions that technocratic and market-based decisions should not be considered neutral. On the contrary, if outcomes are analysed, then it is becoming clear that technocratic decisions serve as a means of depoliticising and justifying otherwise hidden interventions of economically powerful states into peripheries, including former colonies. Anthropologists have shown how economic knowledge and such organisations as the World Development Bank, with their “developmental vision,” marginalise the people they are supposed to help. For instance, Escobar,\textsuperscript{25} in his famous collection, deeply criticises the possibility of economics being a foundational discipline for justifying development because it does not pay attention to culture. He also invites us to pay special attention to discourse that justifies “development.” Ferguson\textsuperscript{26} provides a convincing example of such discourse at work, comparing the differences in a description of Lesotho. This small African country appears “backward” and in deep need of “development” in the World Bank’s documents. The contrasting view represents us as a “reservoir exporting wage labourers in about the same quantities, proportionate to the total population, as it does today.”\textsuperscript{27} Explaining the gap in perceptions of Lesotho, Ferguson uses Foucault’s concept of governmentality. In so doing, he debunks the belief in the “neutral, unitary, and effective”\textsuperscript{28} role of central authorities. Instead of intending to solve problems, powers are eager to control and dominate, including through the “interventions” proposed by developers. Ferguson also undermines preoccupation with development “failure.” He claims that there is a hidden logic; specifically, a discourse of poverty is only a point of entry to depoliticise the distribution of power and wealth.

\textsuperscript{23} Cooper and Packard, “Introduction.”
\textsuperscript{24} Roll, \textit{Public Sector Performance}; Andrews, “Positive Deviance.”
\textsuperscript{25} Escobar, “Development Encounter.”
\textsuperscript{26} Ferguson, \textit{Anti-Politics Machine}.
\textsuperscript{27} Ibid. 27.
\textsuperscript{28} Ibid. 72.
The post-Soviet space perhaps did not stand at the centre of anthropological discussion on development programmes, but it confirms its findings—and, of course, may further confirm them—empirically, as it comes out that, one by one, the projects of transition into the market (as well as various projects of national or subnational development in Russia and other post-Soviet countries) failed or did not deliver expected outcomes. As a result, the period of public enchantment with the “invisible hand” of capitalism has passed. The hope for democratic principles to take root is vanishing. However, neoliberal rationality has survived and, as I hope to show with the example of ASEZs, is even flourishing.

Neoliberalism is by no means a simple concept, if it is used in the Foucauldian rather than the political economy version, for political economics, liberalism, and neoliberalism are models or practices of government. Liberalism is referred to as private property, economic freedoms, and limiting state intervention in the economy. The fundamental innovation of neoliberalism is the rejection of faith in the market as a natural mechanism of self-regulation, which will inevitably reach its goal if there is no abuse by the central government. In neoliberalism, the market and competition should be planted and maintained, and any relations should be subordinated to them. Therefore, unlike the liberal Homo oeconomicus, which is natural and exists because this is how the market nature “prescribes,” the neoliberal Homo oeconomicus must be created, orientated to maximise its usefulness. The neoliberal government not only creates such a market entity but also seeks to turn everything (the army, school, church, the government itself, not to mention the family) into a universal form of organisation—a market enterprise. Thus, if one follows the Foucault scheme, the neoliberal regime can be identified not by the state’s policy and actions but by the practices of ubiquitous production of market enterprises and a person adequate to the market. Anthropologists, inspired by Foucault and based on ethnographic data from around the world, have repeatedly shown how the market (social world matrix) fails because social relations do not fit into the matrix. Despite these failures, neoliberal regimes emerge again and again, even in totally un-liberal contexts. In the next two sections, I will analyse the project of the subnational development of ASEZs.

29 Collier, Post-Soviet Social.
30 Mill, On Liberty including Utilitarianism (1863).
31 Burchell, “Liberal Government.”
32 Rose, “Liberal Democracies.”
33 Elyachar, “Neoliberalism”; Ong, Neoliberalism as Exception.
through attempts to implement “neoliberal enterprise logics” (the second part) and attempts to exclude “social relations” (the third part).

10.2 Neoliberal Logic: The Establishment of the Far Eastern Development Corporation as State Managing Company of ASEZs

Managing the Russian Far East as a “mega-corporation” began to be discussed in 2012. First, the media reported that the head of the Ministry of Emergency Situations, S. Shoigu, had come up with such an initiative. Later on, Putin declared in his speech to the State Duma, “That is why I suggested establishing either a corporation or a separate body for the development of Eastern Siberia and the Far East.” The project presented by Shoigu repeated the traditional rhetoric of national (military) security. It used such wording as “buffer territory” in conditions of potential theatres of war in the Asia-Pacific region; “unprecedented growth of economic potential of geopolitical competitors near the eastern borders of Russia.” It referred to negative trends: “outflow of population”; “reliance only on federal and tariff investments, dependency policy of subjects.” Moreover, the project insisted on the “print-out” model of natural resources while conducting an “effective industrial manoeuvre.” The “manoeuvre” was to be carried out through the establishment of the East of Russia Development Corporation, which the explanatory note called “a kind of analogue of the East India Company.”

The Kommersant newspaper in several interviews with experts who participated in the project’s design, suggested such justifications for the project: “Even the most liberal economists admit that without large-scale state involvement, these vast territories will continue to be depopulated.” The expert argued that the best approach to managing this economic “desert” was to establish an East Corporation: “This is what a state corporation is for. To put together the whole array of these huge promising projects and see—maybe we should abandon something, maybe we will not take it all out […] Why is this form invented—the East India Company: it is also a

34 Mel’nikov, Gudkov and Panchenko, “Vsia vlast’ v Sibiri.”
35 Putin, Vladimir. “Stenogramma vystupleniia.”
36 Ostrovskii, “I trekhkratnyi rost VVP!”
37 Kommersant’, “Razvitie vostochnykhh.”
38 Ibid.
public–private partnership, only in an early form.”\(^{39}\)

Experts also stressed that the state corporation would allow the RFE to avoid “crime” that hinders business: “You come to Vladivostok. They start telling you about difficulties, and you can hardly interpret them as administrative barriers. One of the state corporation’s ideas was to circumvent the problem of bad management at the regional level.”\(^{40}\)

The terms used in the project (especially the East India Company) have provoked an extremely negative discussion among regional experts: “Half the country will fall under the umbrella of one corporation” and “The keyword “East India Company” characterises the project. It was a purely colonial use of resources.”\(^{41}\)

In 2013, *Kommersant* stated that the (political) “show is over”:\(^{42}\) regional leader V. Ishaev—one of the main politicians opposed to the East Corporation—had retired, the Far East Development Ministry appeared, and the FEDC was born. This time, the designers of the new corporation and the whole scheme of the RFE governance avoided colonial rhetoric, referring more to economic effectiveness, market competitiveness, and the experience of “special legal regimes for conducting business and other activities on the territories of special zones in South Korea, China, and Singapore.”\(^{43}\)

Officially, the ASEZs programme was proposed in 2013 by President Putin’s message to the Federal Assembly.\(^{44}\) Only a year later, Federal Law #473-FZ was signed. The first nine ASEZs were selected, approved, and began to function within the following six months. All in all, the initiative was introduced with a remarkable swiftness that characterises all projects personally overseen by the president. Already in 2015, the first ASEZs were presented at the First Economic Forum in Vladivostok. The president emphasised the facilitation of various procedures, including passing the border.\(^{45}\)

The presidential plenipotentiary in the Far East federal district, Yuri Trutnev, started to be the ASEZs’ political patron. Political patronage turns out to be a traditional way of state intervention, a way to make the “bad governance” of lagging and corrupt countries work like “good”—i.e. Western and (neo)liberal—governance.\(^{46}\)

In describing such “state intervention,” researchers often turn to the experience of

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39 Ibid.
40 Ibid.
41 Dobrysheva, “Proekt korporatsii razvitiia.”
42 Netreba, “Dlia Dal’nego Vostoka.”
43 SOZD, Gosudarstvennaia Duma, “O territoriiakh operezhaiushchego.”
44 Prezident Rossii, “Poslanie Prezidenta.”
45 Prezident Rossii, “Soveshchanie s chlenami pravitel’stva.”
46 Bear and Mathur, “Introduction.”
of special economic zones or other developmental projects. They discovered that, quite often, totally non-liberal states can surprisingly help markets to work or even create such markets.\footnote{Ong and Collier, \textit{Global Assemblages}.}

As the political patron of ASEZs, Trutnev was personally approving every established ASEZ. Moreover, many ASEZ applicants—even the smallest one—defended their project before a commission led by Trutnev and had a chance to ask for his protection from an ineffective state.\footnote{Interviews, “2. Institutions. ASEZ residents, 2017–2018.”} The news on the website of the Kamchatka government recounts the personal protection provided by Trutnev to a small business: “today we visited the ethnic village. Construction stopped there five times. They (bureaucrats—NR) were looking for fry in a lake that is isolated from the sea [...] Well, you should ask how salmon live, how they migrate? They just cannot survive in such conditions. What is this? Is it incompetence or corruption? Then he promised that he would fire officials.”\footnote{Kamchatskii Krai, “Iurii Trutnev predostereg.”} Thus, it confirms that the implementation of ASEZs matches the “top-down model.”\footnote{Blakkisrud, ‘An Asian Pivot Starts at Home’.
} The personal involvement of the top politicians in micromanaging regional and even local issues, resolving the smallest “failure,”\footnote{Kamchatskii Krai, “Iurii Trutnev predostereg.”} is discursively framed as the need for constant state tutelage over regional “infants” (local officials or regional business).

Interference of the highest political elite in the activities of regional businesses, an attempt to present ASEZs as a tool to create a market, is certainly not yet a proof of the neoliberal logic of ASEZs. According to Foucault, governmentality (managerial rationality of technocrats) is more important. This is because technocrats manage a large part of a vast region as a mega-enterprise, while businesses turn to appearing as more or less important sub-divisions of this enterprise. I discuss this rationality by addressing a) performance cults, b) the institutional context inside mega-enterprises, and c) differences in the value of subdivisions.

The logic of operating ASEZs as a mega-enterprise requires a performance cult. The success of ASEZs has been reported since the very first year of the project.\footnote{Eastern Economic Forum, “Agreements Worth Nearly.”} This success had come and still comes to every Eastern Economic Forum\footnote{Eastern Economic Forum, “Na poliakh VEF-2019.”} in the form of billions of dollars in “agreements” signed. Most of these agreements are never implemented in practice. The FEDC reports on
the success of the ASEZs on its website, but the form of the reports does require attention. Only thirty pages of the 154 have quantitative data,\textsuperscript{54} the rest are just photos of large infrastructure. Pages with data allow readers to make some, very superficial, conclusions all by themselves. No clear conclusions are drawn; no reasons are given behind the backlog; there is nothing but numbers. Moreover, only basic figures are provided. As a Japanese scholar, Arai, who attempted to analyse this report, stated, “the most significant deficiency” is “lack of information on the scale of business such as investment amount, number of employees, anticipated and actual output or sales volume and so on.”\textsuperscript{55}

The low quality of the data provided is probably because technocrats themselves understand that there is hardly anything significant achieved for economic development. According to the FEDC internal database, the total number of residents registered by April 2021 in the ASEZ was 428, of which twenty-nine were residents of foreign origin, including nine from China and five from Japan; other countries included South Korea, India, Australia, Cyprus, New Zealand, Vietnam, and Singapore. Four of these twenty-nine residents have not started projects at all—not even project documentation has been provided. The total amount of investments made by those residents was 36.48 billion rubles (while the declared amount was 843.4 billion rubles under the agreements concluded). Thus, less than five percent of the private investments received by the ASEZs came from abroad. Moreover, available data about residents with Russian capital origins also show that the ASEZ experiment is hardly progressing well. In April 2021, only 128 out of 428 residents had fully invested all the declared funds, created job placements, and started their operations. The gap between promises and reality is big enough. Of 13,110 declared job placements, only 8,917 (sixty-eight percent) were created. Of the declared investments (813.98 billion rubles), only 74.02 billion were made (more than ninety percent backlog).

Of the investments already made, 12.21 percent (125.93 billion rubles) are mining and quarrying. Hence, the extractive industries remain a priority, regardless of the stated goals of developing knowledge-intensive production. This volume of investment, incidentally, does not take into account the performance of the largest ASEZ residents. Most of those (LLC Gazprom Pererabotka Blagoveschensk, JSC Inaglinsky Mining and Processing Complex, Udokan Copper, and JSC Denisovsky Mining and Processing

\textsuperscript{54} https://erdc.ru/en/.
\textsuperscript{55} Arai, “New Instruments.”
Complex), as well as most of the largest announced ones (additionally, LLC GDC Baimskaya, LLC Amursky Gas Chemical Complex, and JSC Eastern Petrochemical Co.), are also involved in using the natural resources of the Far East and Siberia.

Although a FEDC employee in 2019 confirmed that they “do not have a single commissioned object for all time,”\textsuperscript{56} ASEZ residents agreed that FEDC works pretty well. That is, it still has not provided infrastructure for the most advertised, most valuable benefit for small and medium residents. Why, then, do residents still see the benefits of staying within the perimeter of the mega-enterprise? The main explanation is that the perimeter provides a different \textit{institutional environment} than that outside. As both technocrats and the residents testify, the FEDC managers successfully cope with other officials, receiving from them permission to use water, gas, or land plots.

I can give an example with the Department of Land and Property Relations. […] If you make an appointment to find out about your application, and why there is no flow of it, you are required to come on Tuesday. This is the only day. You come on Tuesday, register on a sheet of paper […] find yourself the thirtieth, stand in line […] As a result, you get to some representative by the end of a working day, and he says to you: “You know, your documents are not registered, come next week.” That is, in fact, if you need to interact with this department, you should hire an individual to the position of “an awaiter” to attend the department on Tuesdays and stand in line waiting.\textsuperscript{57}

Comparing FEDC managers and “usual officials,” residents do confirm that ASEZs managers help them to avoid “hiring an awaiter.” Managers mentioned the following markers of their success: “the number of residents over the past year has increased,” “many schemes, templates are honed,” “the number of employees has grown,” “competencies have improved.”\textsuperscript{58} They also compared themselves with other structures and stressed their supremacy:

The quality of the consultations that we give is higher than in the Agency for promotion of investment because, firstly, we provide

\textsuperscript{56} Interview, “2. Institutions. FEDC representative 18.”
\textsuperscript{57} Interview, “2. Institutions. Prospective ASEZ residents, 2017.”
\textsuperscript{58} Interview, “2. Institutions. FEDC representative 18.”
multilateral consultations, that is, we attract land planners, infrastructure specialists, and so on, and secondly, I would believe that the knowledge we have is somewhat fundamental.\textsuperscript{59}

The professionalism, while I do not believe we can call this in that way, is very low. They [officials in local municipalities] just illiterate paper scrappers.\textsuperscript{60}

Having analysed interviews with entrepreneurs, I would say that most of them do perceive the FEDC as a structure and ASEZs as a means that can allow the overcoming of barriers associated with normal-for-Russia “bad governance,” that is, corruption, red tape, and inefficiency. Contrary to my assumptions, the residents or potential residents never complained about the difficulties of acquiring residency status. Compared to other bureaucrats, FEDC employees are much more transparent and accountable; their income depends on the absence of any delays. Thus, FEDC provides better administration, lower bureaucracy, better transparency, and improved qualifications for ASEZ residents. The problem is that real outcomes are very modest, and most of insiders and outsiders understand this:

When I hear that there are \( n \) thousand more jobs, I laugh. I have two more jobs, my colleagues […] seven, ten. Where are the thousands?\textsuperscript{61}

Explaining why FEDC has not built the infrastructure yet, the interlocutor copied the logic of political elites:

The previous [FEDC] CEO attributed this failure to the lack of (local) contractors capable of fulfilling large projects. Even if some large federal company, such as Stroygazmontazh by Rotenberg comes in, it still needs local subcontractors.\textsuperscript{62}

\textsuperscript{59} Ibid.
\textsuperscript{60} Ibid.
\textsuperscript{61} Ibid.
\textsuperscript{62} Ibid.
This is primarily due to the long procedure for the transfer of land in remote areas, where municipalities should confirm the deal.\(^{63}\)

I was amazed at the way he [the previous CEO] knows how to work. All these modern project management techniques, Agile, you know how much backward I was […] very happy to learn from him.\(^{64}\)

If ASEZs do not achieve expected outcomes, then technocrats are ready to blame local “subcontractors” who cannot perform large contracts or local authorities who cannot work in the new logic of project management. In any case, institutional inefficiency does not apply to everyone: large, key residents of ASEZs always receive better support. Their problems turn out to be more significant; they are solved despite any obstacles in the form of ineffective or incapable local authorities:

Even though we observe deadlines, the signing of the agreement might be delayed. Sometimes, it is challenging to predict real timing. If it concerns the principal resident, let me say, “Zvezda,” then the issues are solved quickly, even in two weeks. If there is a small resident, then it can take up to six months (but six months are officially established period for such procedures—NR).\(^{65}\)

Zvezda, according to the technocrat FEDC, finds itself in the priority not only and not so much because it lies in the sphere of interests of the consortium of Rosneftegaz, Rosneft, and Gazprombank but because of its “greater value”:

(Why will everything be decided faster for Zvezda?) Zvezda is an anchor resident. The indicators of this ASEZ, in general, depend on it. If you fail the work on a small resident, but work well with the Zvezda, everything will be fine. Besides, everybody understands whose company it is and what the toys are doing there. The whole city depends on the success of this project. (pause) KPI also matters.\(^{66}\)

\(^{63}\) Ibid.

\(^{64}\) Ibid.

\(^{65}\) Ibid.

\(^{66}\) Ibid.
Thus, when establishing ASEZs, the political elites might have had any logic (even colonial). However, they have “sold” ASEZs to the public, narrating about effective special economic zones and the necessary government intervention in the market. The technocrats working at the FEDC became the most grateful “buyers” of the neoliberal idea: they supported a performance cult, they helped ASEZ residents to feel different institutional context inside the mega-enterprise, and they played with different qualities of different sub-divisions. Framing ASEZs as neoliberal mega-enterprise, they also helped to hide that most of the businesses are, as usual, resource-orientated. As will be shown in the next chapter, neoliberal logic allows political elites to depoliticise the issue of pumping resources out of the region.

10.3  Social Relations “Beyond” the Neoliberal Logic of ASEZs

I have already mentioned that the ASEZ residents agree that within a “mega-enterprise,” the conditions for businesses are better because of the reduction of what, in economic theory, is commonly referred to as transaction costs. However, does this mean that a bad external institutional environment does not affect or mix with a “healthy” internal environment? That all vices of Russian bad governance (nepotism, red tape, corruption) do not affect “happy” residents of ASEZs? That is, that ASEZs manage to get rid of social relations and achieve the perfect functioning of the market matrix? Or is the internal environment also deformed, adjusted, changed? If there are “bad,” “unhealthy,” “substandard” social “remnants” outside, organisations that are not described by the economic models and people that do not fit into the neoliberal Homo economicus, what happens to them?

I answer these questions by looking at procurement procedures for ASEZs infrastructure and practices of labour force recruitment.

Procurement procedures: nepotism, red tape, and other manifestations of “bad governance.” The survival rate of small and medium-sized businesses in ASEZs is not high. Out of 330 declared enterprises, only seventy-nine have become operational in 2018.\textsuperscript{67} However, the real numbers of companies seem to be even lower. Just one example: the design of our research project in Yakutia required conducting expert interviews with all Kangalassi residents. According to official FEDC data, in 2018, ASEZ Kangalassi (Sakha Republic)

\textsuperscript{67} The official statements for the year of 2018.
included eighteen resident companies. An official request to the Sakha government showed that only seventeen residents remained in the ASEZ. Nonetheless, we did not manage to find seventeen or eighteen; only seven companies were detected. All of them confirmed that all other residents had already gone. Moreover, two of our seven respondents were also ready to leave businesses.

According to Kangalassi residents, the main reason behind this failure is that the provision of infrastructure lags behind the timetable promised by the FEDC:

There are problems with the engineering infrastructure […] It was assumed that we would be provided with the full infrastructure, but in fact, it turned out that the Kangalassi village does not have the technical ability to connect anyone to the central sewer networks. Any new business entity entering the territory of Kangalassi cannot be connected. That is, we are in the twenty-first century, and the solutions for sewer networks in our country are septic tanks. Very funny and sad at the same time, right? Of course, this also affects the amount of funding, the timing, the stages. We did not expect that we would encounter such a problem, but life dictates its own conditions.

The timetable is violated, and not only in Kangalassi. In the local online media, an angry resident of the other ASEZ narrates the story of how he was led to bankruptcy. The exceptional interest is not even the article itself, but the discussion that unfolded after:

FEDC has an excellent schedule for project implementations. The structure receives governmental funds. It can pay a generous salary of employees. Contrary to the current legislation, actually bypassing it, FEDC chooses those suppliers they wish.

The interlocutor then argues that the choice always falls on a limited number of companies located in Moscow. They further blame the FEDC for corruption:

69 Interview, “2. Institutions. ASEZ resident, 2018.”
Technical supervision should ensure the quality of construction. If a builder can choose its own supervisor, it is just corruption. The scale of it is even difficult to recognise or overestimate. This is the same if the defendant would choose his own judge.  

Even if this angry resident exaggerates his story, his narration is in a way relevant to what we already know from FEDC managers, especially with regard to the choice of Moscow companies. Official websites, where public procurement has to be placed, confirm that a significant part of contracts, including the construction of infrastructure facilities, was carried out as a “purchase from a single supplier (earlier—when this paper was in the process of being written—information about all procurements was available at the https://zakupki.gov.ru to unregistered users. In 2022—by the time the paper went to print—the author could not gain access to previously analysed procurements).” There being a single supplier and, therefore, an uncompetitive purchase, is not a law violation in this case, as the ASEZ mechanism implies this and numerous other exemptions from the current legislation. The main problem, as many interlocutors believe, is that the supplier is usually located in Moscow. For example, the contract for the construction of infrastructure in Nadezhdinskaia ASEZ (around 11 million US dollars) was won by the non-commercial organisation Engineering Technologies Complex of the Kurchatov Institute. The primary activity is “research and development in the field of social and human sciences.” It has zero authorised capital, and its balance sheet in 2018 amounted to a little over 5 million rubles. Of course, the Kurchatov Institute has no construction facilities (equipment and employees) in the Primorskii Krai and hires local contractors.

As a result, “Moscow” (the company located in Moscow) takes a significant portion of the resources, while local companies suffer from resource deficits. Consumption of half of the budget outside the region, lack of contracts with local construction companies, frequent bankruptcies of them—all this does not contribute to the main goal for which the ASEZs were officially launched and the FEDC was established.

“Unacceptable quality” of the local labour force. Studying a rotational shift work, our group surprisingly discovered that the heads of many personnel departments of the newly established companies within ASEZs see local labour force as marginalised, not qualified, and unwilling to work. Agricultural residents of ASEZs refused to hire locals not only as livestock technicians but

70 Rezident TOR “Nadezhdinskaia”, “Ul’trakidalovo KRDV.”
even as watchmen.\textsuperscript{71} Companies suppose they can offer lower salaries to locals and are very surprised when locals refuse. To clarify the background, since Soviet times, all companies located in the Russian Far East must pay a special regional allowance (on average, fifty percent of a payroll\textsuperscript{72}). This means that a Far Eastern worker hired by, let us say, Gazprom, should receive a salary one and a half times higher than someone who works for the company in Saint Petersburg, if he works in the RFE and has resided there for at least for ten years. For newcomers, not only these circumstances but also other local conducts seem rather strange:

In some places, we hired only watchmen. In some, we could not find even them. Locals do not want to work for us. At all.—Maybe there are alternative, other positions?—No, only we offer workplaces. The only alternative is illegal fishing or poaching. Everyone there earns money in this way. They told us they could work only in winter. From May till October, all they are busy.—However, this means they have a bigger earning during the fishing season.—Not sure that more, but yes, they have money from this activity. Moreover, that is their habitual way of living.—How long these people live in those places?—They always live there. However, they started poaching predominantly after the collapse of the Soviet Union. Moreover, I think that ethnicity does not matter. Some of them may be the Evenki, other—the Russians, does not matter.\textsuperscript{73}

This conversation unveils and explains everything. After the 1990s, when the state disappeared from many remote areas, people had to find a way to adjust to a new reality: no jobs, no donations, inadequate food supplies, a dearth of everything. People adjusted. In so doing, they developed grey, invisible, informal niches. They provided a variety of services, including teaching, taxi driving, and selling goods at the bazaars. They engaged in hunting, fishing, gathering, and mining.\textsuperscript{74} They smuggled, exported timbers to China, or imported used vehicles from Japan. They mastered not only natural resources (gold, fish, coal, berries) but also closeness to Asian countries.\textsuperscript{75} All these

\textsuperscript{71} Interview, “2. Institutions. FEDC representative 18.”
\textsuperscript{72} Postanovlenie Mintruda RF ot 11.09.1995 N 49.
\textsuperscript{73} Interview, ASEZ resident.
\textsuperscript{74} Zhuravskaya and Ryzhova, “Calling on the State.”
\textsuperscript{75} Ryzhova, “Informal Economy of Translocations”; Bliakher and Vasil’eva, “The Russian Far East in a State of Suspension”; Holzlehner, “Trading Against the State.”
activities enable locals to survive and to live their way of life. The appearance of new development agents leads locals to a new crisis, if not a catastrophe—here is just one example:

The most important requirement is the absence of home livestock. If you want to work for us, then you or your relatives should not have pigs.—Why?—Because pigs have particular immunity, a human being is a carrier of infection for them. The security service will check your house if you intend to work for us. The person is given the right to choose. Either you hold a pig, or you are an employee of a company.76

During the post-Soviet period, livestock for villagers was one of the main subsistence options. It is unlikely that both family members can be employed in a new company, which means the choice is very harsh. In Soviet times, households were allowed to have livestock, and total vaccination was carried out to prevent diseases. This and many other examples show that “new” companies and “old” ordinaries often compete for the same resources. The state supports newcomers, at least, because old economic agents exploited resources informally and, therefore, did not pay taxes.

The neoliberal idea often fails because “social relations” are unwilling to fit into a market matrix. Failure is, of course, much worse if the neoliberal idea is used only as a veil. However, depoliticisation works perfectly in these circumstances too. Unfair distribution of contracts between businesses close to the political elite and small local companies is explained by the lack of qualifications (size or required competencies). Unfair allocation of land and natural resources between “right” companies and “wrong” illegal firms is interpreted by fiscal logic. Unfair discriminatory recruitment practices are attributed to their poor quality, not fitting the standards of new businesses. Thus, ASEZs work as Ferguson’s anti-politics machine.

But unlike Ferguson’s anti-politics machine, ASEZs do not even aim to eliminate poverty. In fact, the political authorities still do not recognise that the result of “market” transitions has been a catastrophic impoverishment. More important than the problem of poverty, which only serves as an “entry point” for the ASEZs’ development programme, is the problem of national, and even military, insecurity. Thus, the actual “point of entry” is veiled and

76 Interview, “2. Labour. ASEZ representative 16.”
depoliticised. But, since national security is purely political, the game around ASEZs becomes over-political as well.

10.4 Conclusion: Over-Politicisation

As has been shown, the “performance cult” displayed by political leaders and FEDC managers exists regardless of the actual outcomes achieved in ASEZs. This confirms the neoliberal logic behind the RFE development programme. The technique of bravura reporting on the ASEZs outcomes reaches its pinnacle at annual Eastern Economic Forums. From the very first forum, “presentation of new conditions for investment and business in the region” was announced as one of the main objectives of the event. Every year, the forums are built around a discussion of “exclusive opportunities and preferences” provided by ASEZs (as well as Free Port Vladivostok). Top leaders of Asian countries traditionally attend the events and admire stands, films, and presentations. Politicians report on billions of dollars invested, social conditions improved, and hundreds of thousands of jobs created in ASEZs. Officials form a “pool of banks,” launch “feeding energy centres,” and perform other theatrical activities. Political performances are not separable from economic presentations, and vice versa. Many of these theatrical actions also involve ASEZ residents themselves, even those who do not believe in the bravura stories.

These myths of political discourse are disconnected from any kind of coherent reality, and it seems that everyone understands this disconnectedness. The only political issue that is being discussed as applied to ASEZs is their importance for Russia’s national security. The Russian Far East is announced as a “national priority for the next century.” Appeals to national security are not accidental: every Russian politician seems to remember that the region is a potential theatre of military operations in the Asia-Pacific region.

Thus, ASEZs are something more than Ferguson’s machine because they include political theatre, a performance that is played out because of the state’s reluctance to openly respond to the question of what ASEZs mean politically.

77 Prezident Rossii, “Pervyi Vostochnyi.”
80 Ibid.
81 Prezident Rossii, “Plenarnoe zasedanie vostochnogo.”
My answer to this question is that the ASEZs are one more machine for re-distributing resources in favour of political elites; one that combines the tools of market, plan, and colonial governance with an ideology of the market and completely marginalises public voices and space for liberal discussion about the future of the Russian eastern outskirt.

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