

# Russian Espionage in the Age of Extremes

By Julia Zimmermann M.Sc., Theocharis Grigoriadis, Ph.D.

## Abstract:

In this project, we explore the legacies of pre-WWI espionage by Russia's Imperial Secret Police, the *Okhrana*. We tackle the question whether the density of espionage in Imperial Russia explains nationalist resurgence, rioting and protests in the late Soviet Union. Espionage is modeled as a form of both repression and state capacity; we analyze whether there is an economic or cultural legacy of the *Okhrana*, which has shaped contemporary socio-economic outcomes and foreign policy attitudes in post-Soviet states.

Our focus on Russian imperial intelligence is based on several factors. First, we collect, compile and make use of a new and impressive data set from Hoover Institution, which provides full information about the structure and operations of Russia's imperial secret police, the *Okhrana* – data rarely available in such richness for any state security agency. Second, the *Okhrana* was the first modern security and intelligence agency in Russia, and is frequently referred to as a prototype for later Soviet agencies culminating in *KGB*. Third, the focus on Imperial Russia provides us with a very long time span for our discussion about historical legacies of authoritarian regimes. We argue that the perceived dense network of state security surveillance created an atmosphere of fear and mistrust already in Imperial Russia, which, however, had very long-lasting effects. Individuals were reverting to informal types of social capital, which was less accessible to political authorities and harder to infiltrate by the security apparatus. To investigate this, we will match *Okhrana* data with contemporary datasets mirroring socio-economic indicators and attitudes, such as the Life in Transition survey. If historical indices of state repression are higher, we expect more conservative views, more favorable attitudes towards state ownership, and higher levels of economic backwardness. Moreover, we expect that the experience of state repression is likely to be geographically stable during the last decades of the Russian Empire, as most of the 19<sup>th</sup> century non-revolutionary migration occurred within a particular region. Furthermore, we assume path-dependence of the *Okhrana* effect throughout the Soviet Union period, as *Okhrana* served as a blueprint for subsequent *Cheka* and *KGB* operations.

Our work adds to the literature on historical legacies of authoritarian regimes and their often (un-) intended effects on the preferences of their citizens, which was initiated by Tullock (1987), claiming that an autocrat primarily seeks to remain in office and faces a high risk of being overthrown. If the state is capable of repressing, then the likelihood of capturing adversaries will be higher and revolution is less likely. For a state to repress, it must identify potential rebels and apply coercion (state power). Additionally, it adds to the literature on the intergenerational transmission of preferences in repressive regimes. The preference falsification framework introduced by Kuran (1989) explains “unanticipated” revolutions and describes a hostile authority penalizing the public expression of an individual's belief, in order to prevent other individuals from updating their own beliefs about the authority's conduct. A by-product of the authority's success in restricting public voice that would threaten its legitimacy is the effect of such policy on the preferences of the citizenry, which has been modelled theoretically by Greif and Tadelis (2010). They model citizens with a “crypto-morality”; the secret adherence to one morality while practicing another in public.

Empirical evidence on the former German Democratic Republic (GDR) confirms that having lived in a hostile environment has changed values durably. East Germans assign lower importance to ownership and higher importance to personal goals, such as being able to afford certain consumption goods (Necker and Voskort 2014). Jacob and Tyrell (2010), which is closest to our idea, use Stasi informer density as proxy for state power in the former German Democratic Republic to show that differences in scale and depth of state security penetration led to social capital erosion. They argue that despotic or authoritarian policies deteriorate social capital by inducing individuals to be narrowly self-interested and to wait for externally imposed sanctions before voluntarily contributing to collective action. In a similar context, Aghion et al. (2009) look at the transition from socialism to capitalism, defined as a radical reduction in government control (state power). Such reduction leads inter alia to a reduction in output and a reduction in trust in the short-run, which is the touchstone of social capital and economic interaction. Even if the country becomes a democracy, it retains weak institutions because adverse cultural traits make citizens more tolerant of an ineffective government.

The paper is structured as follows. Section 1 discusses the literature on political economy of authoritarian regimes as well as on culture and institutions. In section 2, we offer the historical background on Russian imperial intelligence and its domestic operations in the provinces of the Russian Empire. Section 3 presents the data and the empirical strategy of our paper. In section 4, we discuss the main results and perform robustness checks. Section 5 concludes.

## **Literature**

- Aghion, Philippe, Yann Algan, Pierre Cahuc, and Andrei Shleifer. 2009. "Regulation and Distrust." *National Bureau of Economic Research Working Paper Series* No. 14648.
- Fearon, James D, and David D Laitin. 2003. "Ethnicity, Insurgency, and Civil War." *The American Political Science Review* 97 (1). American Political Science Association: 75–90.
- Greif, Avner, and Steven Tadelis. 2010. "A Theory of Moral Persistence: Crypto-Morality and Political Legitimacy." *Journal of Comparative Economics* 38 (3): 229–44. doi:10.1016/j.jce.2010.07.005.
- Jacob, M., and Marcel Tyrell. 2010. "The Legacy of Surveillance: An Explanation for Social Capital Erosion and the Persistent Economic Disparity between East and West Germany." *Papers.Ssrn.Com*.
- Kuran, Timur. 1989. "Sparks and Prairie Fires: A Theory of Unanticipated Political Revolution." *Public Choice* 61 (1): 41–74.
- Necker, Sarah, and Andrea Voskort. 2014. "Politics and Parents — Intergenerational Transmission of Values after a Regime Shift." *European Journal of Political Economy* 36 (December): 177–94.
- Tullock, Gordon. 1987. *Autocracy*. Kluwer Academic Publishers.