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Oligarchs, Political Ties and *Nomenklatura* Capitalism: Introducing a New Dataset*

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Abstract

This article examines the relationship between *nomenklatura* membership, wealth accumulation and political ties across the post-Soviet region from the 1990s up to the mid-2010s. It introduces the Post-Soviet Oligarchs (PSO) dataset, containing the sociodemographic characteristics of the super-rich across the former Soviet republics. While the article finds partial support in favour of the *nomenklatura* capitalism hypothesis, statistical analysis also points to distinct regional patterns of wealth and political inequality. Thus, the most extensive overlap of wealth and power is observed in the authoritarian regimes of Central Asia and the South Caucasus, where ties to the Soviet regime facilitated the exertion of political influence after 1991, enabling in turn wealth accumulation. By contrast, in democratising contexts, the connections between politicians and super-rich point to a mutually dependent relationship between the economic and political realms, with wealth featuring as a major power resource.

* This is the accepted version of the article.

Preliminary research for this project was conducted as part of my dissertation work in the Department of Political Science, Rutgers University (USA), see Marandici (2017). Early drafts of the article were presented at the 2014 American Political Science Association Convention in San Francisco and at the conference ‘Political Economy in a Changing World’, hosted online in 2021 by the International Center for the Study of Institutions and Development, Higher School of Economics (Moscow) and University of Regensburg in 2024. I would like to thank Andrew Barnes and Ora John Reuter who served as panel discussants, the *Europe-Asia Studies* editorial team, and two anonymous reviewers for their useful suggestions on prior drafts of this article.

Introduction

After the disintegration of the Communist regimes in Central and Eastern Europe, the Caucasus and Central Asia, liberal reformers such as Václav Klaus, Leszek Balcerowicz and Yegor Gaidar believed that a successful transition from a planned to a market economy required the dismantling of the bureaucratised state, deregulation and privatisation. Reformers expected that such policies would lead to the emergence of a large group of owners and a robust middle class ready to defend the market against nostalgic reactionaries and prevent the formation of so-called *nomenklatura* capitalism on the ruins of the socialist planned economy (Gaidar 1995). Such expectations proved overly optimistic in the former Soviet Union (FSU). In many of the former Soviet republics, wealth inequality increased and reforms stalled due to the emergence of figures known as oligarchs, who were preoccupied with defending their wealth rather than the construction of competitive markets, strong democratic institutions and the rule of law.[1]

The narratives about the economic transition in the FSU remain polarised. Driven often by ideology, discourses about the birth of capitalism are routinely instrumentalised by various domestic and international actors. The enthusiastic accounts about the construction of capitalism in the Soviet heartland are often refuted by studies detailing the adverse effects of the market transition. Such critiques of the new political economy are mistakenly portrayed as an expression of nostalgia for the old regime despite the fact that, as of the mid-2010s, certain economies in the region had still not reached the GDP levels of the late communist era (Milanovic 2014). Moreover, phenomena such as deindustrialisation, chronic stagnation, demographic crisis, mass migration and corrupt privatisation challenge elitist narratives about the triumph of free markets. Instead of entrepreneurial activity and technological innovation, one observes across large swaths of post-Soviet Eurasia the formation of crony capitalist systems dominated by rent-seeking authoritarian rulers and wealthy elites known as oligarchs. In most of the former communist states, perhaps unsurprisingly, economic inequality during the first decade of transition caught up with the advanced market economies.

Yet, the nature of wealth inequality in the region remains understudied. One neglected aspect concerns the impact of political connections on growing wealth disparities. Specifically, the early construction of markets

[1] I adopt the definition of oligarchs proposed by Winters as 'actors who command and control massive concentrations of material resources that can be deployed to defend or enhance their personal wealth and exclusive social position' (Winters 2011, p. 6). Note that this conceptualisation of oligarchs deviates from the colloquial usage of the term as referring to individuals who employ their private wealth to win office or/and accumulate wealth after gaining political influence. Winters' definition focuses on the material dimension of the oligarchic phenomenon, leaving out the political element.

was accompanied by scholarly interrogations regarding the capacity of communist officials to convert their political influence into private wealth after and even before the fall of communism.[2] Some researchers argued that members of the *nomenklatura* prospered, becoming successful entrepreneurs (Hankiss 1990; Staniszkis 1991; Wasilewski 1994; Szelenyi & Szelenyi 1995; Kryshtanovskaya & White 1996; Kryshtanovskaya & White 2005). Throughout the 1990s and 2000s, the *nomenklatura* capitalism hypothesis—the contention that the winners of the market transition were not innovative entrepreneurs but officials of the former regime—requires careful examination as it casts doubts on accounts of the successful spread of free market capitalism across the former communist bloc, raising inconvenient questions about the effect of political connections on wealth accumulation. Hence, revisiting the *nomenklatura* capitalism hypothesis allows us to better clarify the impact of historical legacies on the reproduction of wealth and power inequalities across the FSU.

This article contributes to the literature on political ties and wealth inequality in three unique ways. First, it presents a novel dataset of the wealthiest individuals in the former 15 post-Soviet republics. The dataset is used to examine the social origins of the post-Soviet super-rich, the top wealthiest individuals in each country, providing a sociological portrait of the winners of the market transition. Second, the new data are used to re-examine the *nomenklatura* capitalism argument, identifying the ties between the new wealthy elites and the old regime. In doing so, the article documents the extent to which the *nomenklatura* converted its political power into private wealth, as hypothesised by scholarly works about the first decade of transition (Hankiss 1990; Staniszkis 1991; Wasilewski 1994; Szelenyi & Szelenyi 1995; Kryshtanovskaya & White 2005). Third, the article examines whether political ties to powerholders after Communism contributed to wealth accumulation, identifying distinct general patterns of how power and wealth overlap across the former Soviet region up until 2015 and beyond.

The article is structured as follows. It reviews the scholarship on political ties and wealth inequality with a focus on the *nomenklatura* capitalism argument, formulating an alternative explanation of the rise of the post-Soviet oligarchs. Next, the article describes the new dataset, presenting the socio-demographic characteristics of the super-rich in the FSU. The original data are then used to test the *nomenklatura* capitalism argument and the effect of political ties on wealth after 1991. The last section discusses key findings, reflects on the distinct political economies identified across the region, and outlines future directions for research.

Wealth inequality and political ties

The comparative research on wealth inequality typically relies on household surveys and income data with only

[2] For a discussion on the structure of the Soviet *nomenklatura*, see Kryshtanovskaya and White (1996).

few scholars paying attention to the wealthiest individuals. An important study demonstrated that capital returns outpace economic growth, leading to extreme concentrations of wealth at the top and patrimonial capitalism in the West (Piketty 2014). The sources of wealth matter. Particularly problematic for sustainable economic growth is wealth obtained due to political connections. Earlier studies have shown that countries with more self-made billionaires have higher growth rates compared to countries in which inherited wealth prevails (Morck *et al.* 2005). Similarly, Bagchi and Svejnar (2015) distinguish between politically connected and unconnected wealth, demonstrating that capital resulting from political ties has a negative effect on growth. Freund (2016) investigates the origins of wealth across the globe, pointing out that there are more self-made billionaires in emerging markets compared to the advanced Western economies, where the number of politically connected billionaires has been increasing since 2001. Critical voices, such as Stiglitz (2012), note that the concentration of wealth at the top has unfavourable repercussions for the health of democratic institutions and public policies. However, a study of the global population of billionaires found that only 11.7% of the billionaires on the Forbes billionaire lists ran for or held political office (Krcmaric, Nelson & Roberts 2023). Not much research has been conducted on the links between wealth and politics in non-Western settings, in particular, in those geographical regions formerly under communist rule, where pre-1989 wealth disparities measured by the Gini coefficient were relatively low (that is, below 0.25) (Milanovic 1999, p. 9).

The phenomenon of wealth inequality and oligarchs in the former Soviet republics is particularly intriguing as they transitioned from a regime built on egalitarian ideological foundations. The demise of the Soviet state led to the formation of distinct national economies, each with its own wealthy elites. Known in the region as oligarchs, the super-rich epitomise a new form of inequality, replacing the communist forms of inequality characterised by the restricted access to deficit goods enjoyed by select regime officials, well-insulated from the chronic shortages plaguing the command economy (Djilas 1957; Kornai 1992). Not much is known about these new capitalists, who comprise a relatively small number of owners of financial capital, often in control of the key industrial assets. Unlike the high-profile media stories about the ostentatious consumption and pervasive corruption of the new business elites in post-communist settings, the process of wealth accumulation leading to the rise of the super-rich across the entire FSU has received scant attention. To what extent did the former communist officials succeed in becoming oligarchs? What is the social composition of the post-Soviet wealthy elites? Are they innovative capitalists or rent-seeking robber barons? Such questions point to the importance of elucidating the links between previous regime membership, wealth distribution and political influence after state socialism.

Comparative studies of the post-Soviet oligarchs are rare. Existing research on the political ties and social composition of the FSU super-rich falls into two camps. Much of the early literature explored the *nomenklatura* capitalism argument, specifically, the claim that communist officials, both in the USSR and in the Eastern bloc more widely, anticipating the demise of the regime, parlayed their political influence into private wealth (Hankiss 1990; Staniszkis 1991; Solnick 1998; Kryshtanovskaya & White 2005; Schneider 2008). This perspective deserves more attention as it dates back to the onset of the market transition. The suspicion that high-ranking *nomenklatura* members turned into the new super-rich was first articulated by Hankiss (1990) in the Hungarian context. Next, Staniszkis (1991) wrote about *political capitalism* in Poland, highlighting the takeover of state assets by former party officials. In the early 1990s, Yegor Gaidar (1995), Russia's first reform-oriented prime minister, was confident that market privatisation would weaken the grip of the *nomenklatura*, paving the way towards a free market. Other studies found that in Poland's budding private sector nearly half of the new entrepreneurs belonged to the Communist Party bureaucracy (Wasilewski & Wnuk-Lipinski 1995). A major comparative study attributed the cross-country variation in *nomenklatura* presence amongst the Hungarian (35%), Polish (51%) and Russian (49%) economic elites to distinct patterns of technocratic co-optation and counter-elite strength prior to the fall of communism (Szelenyi & Szelenyi 1995). According to Szelenyi and Szelenyi (1995), the old elites were more likely to reproduce themselves and convert their influence into private wealth in the absence of political opposition and technocratic co-optation.

Proponents of the *nomenklatura* capitalism in Russia contended that former Soviet officials exploited the demise of the regime and designed mechanisms to convert political office into wealth. Solnick (1998) observed that high-ranking membership in the *Komsomol* was a factor in business success, while Schneider (2008), White (2008) and Treisman (2016) found that after Putin's accession to power having close ties to the *siloviki* contributed to wealth accumulation. An in-depth study by Kryshtanovskaya concluded that 'the oligarchs were part of the ruling elite, coming from the guts of the old political class—the nomenklatura' (Kryshtanovskaya 2002, p. 6). To explain the young age of some oligarchs, Kryshtanovskaya (2002) posited that communist officials granted the privilege to do business to select *Komsomol* appointees. Braguinsky (2009) supported the *nomenklatura* capitalism thesis in Russia by demonstrating that 43% of the early magnates had a *nomenklatura* background in contrast to the new super-rich, who were younger, better educated and predominantly Jewish, most of whom acquiesced to the rules established by the *nomenklatura*-oligarchs. Similar arguments highlighting the ties of billionaires to the former secret police have been formulated in the Romanian and Bulgarian contexts (Oprea 2008; Dimitrov 2009). More generally, Snegovaya and Petrov (2022) demonstrate that the Russian political elite under Putin has its roots in the Soviet *nomenklatura*.

By contrast, other scholars have examined the origins of the wealthy elites, noting the variety of their backgrounds and the absence of ties to the past regime. Eyal *et al.* (1998) revealed that the *nomenklatura* lost its influence in Poland, Hungary and Czechia, being replaced by a technocratic-managerial elite. A study of Russia's oligarchs found that former black marketeers (in other words, entrepreneurs with origins in the Soviet underground economy) and *nomenklatura*-oligarchs prevailed amongst the cohort of business elites from the 1990s, while 'red directors' (*krasnye direktora*), former managers of major industrial enterprises featured amongst the wealthiest Russians in the newer cohort in the early 2000s (Fortescue 2006). Likewise, Freeland (2000), Klebnikov (2000) and Hoffman (2002) provide rich detail about the role of shady privatisation deals in wealth accumulation in Russia in the 1990s, noting the diversity of oligarch career paths. Guriev and Rachinsky (2005) found that, as of the early 2000s, 22 oligarchs controlled a substantial portion of the Russian economy and were on average better asset managers than the red directors. Similarly, Gorodnichenko and Grygorenko (2008) demonstrated that oligarchs were efficient managers and argued that Russia's private financial-industrial conglomerates contributed to the swift recovery after the shocks of the 1990s. In the first comparative study on oligarchs, Åslund (2007) suggests that the emergence of politically connected entrepreneurs and wealth concentration may be inevitable in large markets with economies of scale such as Russia and Ukraine. By contrast, Sałach and Brzeziński (2022) did not find evidence of crony capitalism in Poland, demonstrating that political connections had no positive effect on wealth accumulation from 2002 to 2018. Instead, the authors uncover that past ties to the party and secret police negatively influenced one's wealth.

The older debate on *nomenklatura* capitalism needs to be reassessed for at least four reasons. First, it incorporates unrealistic assumptions about party officials' entrepreneurial potential, risk orientation, skill transferability, forecasting ability and knowledge about markets. Second, there is the question of upward social mobility during the transition to capitalism. At the heart of the debates regarding the impact of neoliberal reforms on upward social mobility is the availability of the rags-to-riches path to the average Soviet citizen. Some of the post-Soviet super-rich might agree with Mikhail Khodorkovsky, Russia's richest person in the early 2000s, who claimed that everyone started from the same base at the outset of transition, therefore anyone could have become a billionaire, like him (Freeland 2011). Surprisingly, such statements resemble the Social Darwinist ideas espoused by the US business elite during the Gilded Age, an era in the late nineteenth century characterised by growing wealth inequality and what Thorsten Veblen called conspicuous consumption. According to this logic, since everyone had the same opportunities, anyone who became wealthy and powerful deserved their status as it illustrated the workings of a purported meritocratic natural selection. Such ideological justifications for the sharp rise in wealth inequality during the United States' transition to capitalism at the end of the nineteenth century are shared by some of the post-communist super-rich as well.[3] Indeed, if Soviet-era inequalities reproduced themselves in postcommunism, then the advocates of market reforms need to answer thorny questions about the fairness of the market transition. Therefore, addressing the issue of wealth origins is of paramount importance as it helps us clarify the nexus between political and economic inequality in the former communist heartland.

A third reason for revisiting the *nomenklatura* capitalism argument is its relevance for the scholarly inquiry into the nature of wealth inequality in systems, which, at least nominally, remain communist. China, for instance, should have emerged as the archetype of *nomenklatura* capitalism, because the party-state implemented market reforms in the absence of political liberalisation with the party *nomenklatura* preserving its power. In this sense, Chinese officials learned valuable lessons from the Soviet collapse, adapted to the new economic environment, and welcomed entrepreneurs as party members in the early 2000s (Dickson 2008). However, even in China the number of self-made billionaires is higher than one would expect in a state-centric environment, with only roughly half of the ultra-wealthy Chinese having ties to the party-state, a consequence of the efforts to co-opt the new super-rich as party members in the mid-2000s (Marandici 2019).

The last reason behind the renewed investigation into the origins of the wealthy elites relates to the abundance of studies on the Russian case and the absence of comparative research on wealth inequality in the other former Soviet republics. This article seeks to redress the observed Russia bias in the scholarship by drawing attention to the super-rich across the whole FSU rather than only one context. Following other scholars (Bagchi & Svejnar 2015; Freund 2016), I explore whether and how political ties to Soviet officials and post-1991 powerholders have influenced wealth accumulation in the 15 former Soviet republics.

Revisiting the nomenklatura *capitalism argument*

The *nomenklatura* capitalism argument was formulated to explain the transformations in Central and Eastern Europe (CEE). Scholars of the former Soviet Union have explored its ramifications mostly in the Russian case, leaving out the political economies of the other former republics. This focus on one context provides a nuanced picture of the political ties and wealth inequality in Russia but an incomplete understanding of the market

[3] Andrew Carnegie, a key figure of the Gilded Age, wrote in *The Gospel of Wealth* (1889) that only those with energy and ability could accumulate wealth, suggesting that the emerging conflict between rich and poor Americans could be resolved *via* philanthropy rather than a communist or anarchist revolution.

transformations in other post-Soviet settings. Hence, I will discuss below four inconsistencies in the *nomenklatura* capitalism argument as formulated by scholars working with empirical material from Russia and CEE.

First, one building block of the *nomenklatura* capitalism theory rests on the assertion that the regime officials anticipated the demise of communism. Such officials acquired state assets *via* dubious schemes, expecting private wealth to be a major power resource. This assumption is problematic because it overestimates the knowledgeability, expertise and forecasting abilities of communist officials. If the Soviet *nomenklatura* knew about the collapse of the regime in which it enjoyed substantial privileges, one may wonder why it did not prevent such a scenario. In hindsight, we know that the Soviet *nomenklatura* was not a cohesive group. The hardliners amongst the Soviet elite attempted the 1991 coup to avert the reforms initiated in 1985 by Mikhail Gorbachev. This means that, at the time, regime hardliners could not have become the new super-rich as they were opposing market reforms and entrepreneurship on ideological grounds.

Once the distinction between liberal reformers and hardliners as distinct *nomenklatura* factions is introduced, it becomes apparent that the two elite factions held diverging views on USSR's economic development. Consequently, those who support the thesis of proto-capitalism within the *nomenklatura* would need to explain how the new wealthy elites were tied to both reformers and hardliners, the two factions within the Soviet party-state. For reformers, the underground entrepreneurs represented the capitalists of tomorrow, whereas hardliners regarded them as elements corrupting socialism. In each republic, the opposition between hardliners and reformers unfolded in distinct ways, shaped by local political constellations as well as the anti-Soviet movements of varying strength demanding independence. Thus, the early entrepreneurs were mostly backed by the reformist members of the party elite, who hoped that the future capitalists would remain their allies throughout the transition. Mikhail Gorbachev and Boris Yel'tsin, for instance, could be counted as pro-market party officials.

The debates concerning the creation of cooperatives in the late 1980s illustrate the tensions accompanying the construction of capitalism in the Soviet area. In the late *perestroika* era, just before the Soviet dissolution, the state remained in control of the economy, owning the crown jewels of the Soviet industry. Much of the early wealth creation was tied to the shadow economy, which the state partially legalised in 1988 by allowing the formation of cooperatives and by decriminalising entrepreneurship. At the same time, the state was trying to stem corruption and the illegal use of state property (Jones & Moskoff 1991, pp. 2–3). These rapid changes caused a lot of confusion among the party-state officials. Depending on their position in the system and ideological commitment, state officials reacted in various ways to the new developments. Reformers hoped to revive the economy by allowing private initiatives, but hardliners, allied with the law enforcement agencies, continued their campaigns against entrepreneurship (Slider 1991). The *nomenklatura* capitalism argument also suggests that regime officials began stealing assets before the Soviet collapse, thereby inadvertently speeding up the demise of communism (Solnick 1998). Thus, wealth accumulation began prior to the Soviet collapse under generally unfavourable conditions, with the corrupt privatisation process reinforcing the gains of the early winners.

It is important to emphasise that the Soviet *nomenklatura* did not own any assets. Its power as a group rested on extra-economic principles such as seniority, support for Marxism–Leninism and career-related activities within the party. Party officials pursuing self-enrichment would have needed to find ways to establish ownership. Rigged privatisation deals were one option, but the *nomenklatura* lacked financial capital and, therefore needed to partner with the early domestic entrepreneurs. Such an alliance would have been a marriage of convenience, as regime officials would probably have preferred to assign property rights to their relatives or cronies. Furthermore, there was significant geographic variation with regards to the way *perestroika* and privatisation unfolded across the USSR, with some republics more open to market reforms than others. Slider mentions the uneven distribution of cooperatives across the territory of the Soviet Union, noting that 'cooperatives spread rapidly in Armenia, the Baltic and Georgia and developed only sporadically in Central Asia' (Slider 1991, p. 798). Such discrepancies have largely been explained by historical and cultural patterns linked to private ownership, the degree of urbanisation and the hostility of local authorities towards private entrepreneurship (Slider 1991).

Second, one needs to ask whether communist officials were risk-takers. The hazards associated with a career switch from a high-ranking party member to entrepreneurship in the late 1980s were quite high, while the incentives uncertain. In Soviet times, one could be executed for profit-seeking activities. Examples abound. While Lenin's New Economic Policy (NEP) (1921–1928) allowed small-scale entrepreneurs to operate freely, the policy did not last long. The fictional character Alexandr Koreiko from *The Golden Calf* (Ilf & Petrov 1931) typified the NEP-era underground millionaires who became wealthy during the brief market experiment, only to be reprimanded by authorities once the pro-market policy was abandoned under Stalin. In the 1960s, under Nikita Khrushchev, a group of currency traders was executed after a brief show trial in which the entrepreneurs were accused of engaging in profit-seeking commerce with foreigners (Nehamkin 2011). The *perestroika* entrepreneurs feared a similar fate. Article 88 of the Soviet Criminal Code imposed harsh punishments for the illegal trade in goods (Schwartz 1981). In 1990, after the suppression of the pro-independence protests in Lithuania, Mikhail Fridman, one of Russia's future oligarchs, moved to Prague, fearing that the Soviet hardliners would accede to power and prosecute entrepreneurs (Freeland 2000, p. 118). Similarly, Slider (1991, p. 797) highlights the risks associated with launching cooperatives as new businesses. Plokker (1990, p. 403) describes the resistance to entrepreneurship amongst regime officials and parts of the population.[4] Such examples, in conjunction with the persistence of long-established anti-market beliefs and social norms, illustrate the challenges faced by entrepreneurs in the late 1980s.

Third, there is the question of skill transferability. Were the skills of a communist official compatible with those of an entrepreneur? The answer is far from obvious. Bureaucrats involved in foreign trade, industrial managers and technocrats may have possessed transferrable skills such as setting up cooperatives, dealing with foreign investors, navigating foreign regulations and maintaining extensive professional ties with counterparts in the West. However, given their general lack of interest in taking up the business opportunities opened up by *perestroika*, most *nomenklatura* members were presumably content with their material privileges. Risk-taking and entrepreneurial skills are not traits associated with the Soviet *nomenklatura*. Research by Ivlevs *et al.* (2021) confirms that individuals with entrepreneurial ability and motivation were less likely to join the party in the first place.

Fourth, the new wealthy elites were likely to be young. Kryshtanovskaya and White (2005) suggested that the *nomenklatura* may have granted the privilege to engage in business to the *Komsomol* activists, a strategy that would explain the young age of the Russian millionaires in the 1990s and early 2000s. Upon closer scrutiny, this assertion raises two intriguing possibilities. One scenario would involve senior officials, who would have owned the assets before delegating their management to younger party activists. Since the party officials were not owners, such a path seems unlikely. A second path to wealth could have consisted in senior *nomenklatura* members with access to state resources diverting state capital towards companies controlled by private entrepreneurs. By placing the government's cash flows in the hands of the new entrepreneurs, the *nomenklatura* might have acted much like venture capitalists in the United States. Given the tight state control over the supply of credit, such a scenario seems to have unfolded in Moscow, where city officials, lacking much understanding of how markets work, invited some of the underground capitalists to help with *perestroika* reforms (Hoffman 2002). Such early semi-legal public-private collaborative schemes, through which state resources were controlled but not owned by the budding oligarchs, lend some credence to the *nomenklatura* capitalism hypothesis.

An important clarification concerns the *Komsomol*. In some cases, its leaders may have been aware of the economic opportunities brought about by *perestroika*. In the late 1980s, some of these leaders were allowed

[4] Cooperatives became quite common in the 1990s. Perhaps, the most famous of them is the consumers' cooperative 'Ozero' in the Leningrad *Oblast'*, founded by a group of dacha owners, including Vladimir Putin, all of whom gained significant wealth and influence after Putin's accession to power.

by the party to get involved in the private sector. Still, empirical studies confirming such a hypothesis are absent. Most *Komsomol* members were recruited in high school. If a person aged 14 met certain meritocratic criteria and displayed sufficient loyalty to the party, they were invited to join the organisation. During *perestroika*, the *Komsomol* changed slightly, in the sense that it was allowed to set up cooperatives, which were still considered socialist forms of economic organisation. Some *Komsomol* leaders, like Mikhail Khodorkovsky, seized the opportunity, while others did not. According to Khodorkovsky, once his business activities expanded, a senior *nomenklatura* member asked him to choose between being a businessman or a Communist official (Khodorkovsky 2020). Khodorkovsky picked the first option. Similar developments unfolded at the margins of the USSR. For instance, Oleg Voronin, the richest individual in Moldova until 2010 and son of Vladimir Voronin, the last Soviet minister of the interior and Moldova's third president, founded in the late 1980s a cooperative involved in importing various deficit goods from the West (Gorbulin 2009).

Taken together, the inability of regime officials to forecast the trajectory of change, the high risks associated with entrepreneurship, the non-transferability of their skills, their diverse ideological orientations towards entrepreneurship, the high degree of uncertainty, and the lack of material incentives to prompt a career switch are all reasons disproving the idea that high-ranking Soviet officials translated their political influence into private wealth.

Additionally, besides political ties, other factors have been identified as determinants of wealth. For instance, Freund (2016) distinguishes three sources of wealth: technological innovation, rents and inheritance. In the FSU region, the super-rich did not inherit their wealth. Instead rent extraction and, to a lesser degree, innovation may have contributed to wealth accumulation. During the initial stage of the market transition in the early 1990s, the ability and readiness to administer physical violence proved to be a useful skill as the downsized state apparatus could not cope with the increased demand for property rights protection originating from the entrepreneurs, who were regularly attacked by criminal gangs (Volkov 2002; Glenny 2008, p. 14). Education, an individual's pre-1991 occupation and their political influence after the Soviet collapse could be counted as further individual attributes contributing to business success.

The fall of communism disrupted life trajectories and offered incentives for a career change amidst an environment marked by high institutional uncertainty. In the absence of a strong state and functioning law enforcement, the entrepreneurs were often targeted by bandits for extortion. Viewed with hostility by many state officials and segments of the public, engaging in business activities was therefore inherently risky. Subsequently, the weak property rights protection accompanied the emergence of governance systems in which political ties to the powerholders functioned as a wealth defence strategy. To test the *nomenklatura* capitalism argument and explore the fusion of wealth and power in the former communist lands, I rely on an original dataset of the richest individuals covering the initial two decades of transition.

Presenting the Post-Soviet Oligarchs (PSO) dataset

To conduct a systematic inquiry into the career paths of the oligarchs, data about the wealthiest individuals have been collected and compiled into the Post-Soviet Oligarchs (PSO) dataset.[5] The dataset includes career sequences, key socio-demographic characteristics, political influence and the wealth of the richest individuals from the 15 former republics in the 2012–2015 period. The PSO dataset complements existing studies focusing mostly on Russia and Ukraine (Guriev & Rachinsky 2005; Gorodnichenko & Grygorenko 2008; Markus & Charnysh 2017; Lamberova & Sonin 2018; Grigoriev & Zhirkov 2020). As such the dataset is uniquely suited to answer key questions about the background of the post-Soviet super-rich and their political ties.

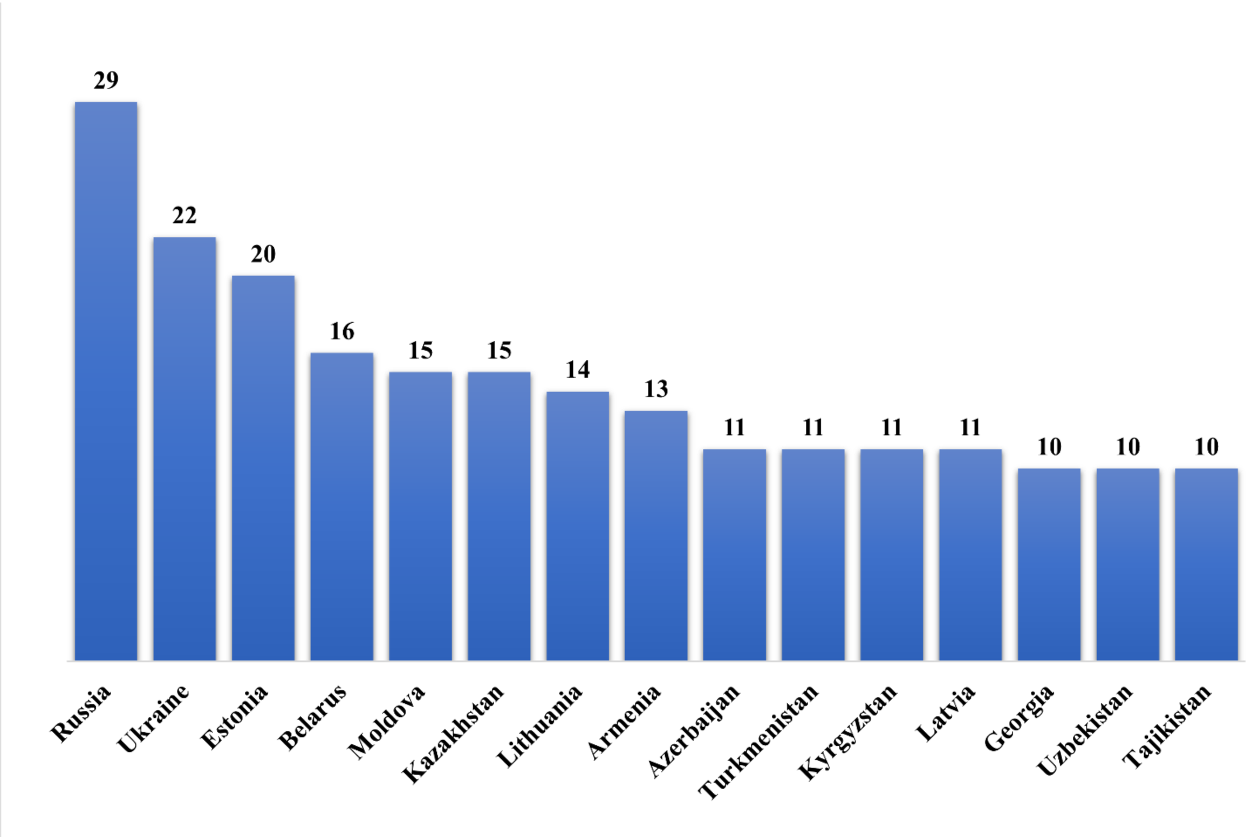
Since most studies of the wealthy rely on the *Forbes* rich lists (Morck *et al.* 2005; Bagchi & Svejnar 2015; Freund 2016; Novokmet *et al.* 2018), it is worth discussing the methodology behind such rankings. *Forbes* assesses individual wealth by consulting regulatory documents, court records and news articles identifying the ownership structure of various companies, real estate, art, yachts, planes, farmland, vineyards, jewellery, car collections and other assets (Wang 2021). The estimates are then sent for validation to the billionaires on the list. However, only few of the contacted billionaires respond and confirm the accuracy of the *Forbes* estimates. The fact that most academic research on wealth inequality relies on data collected by a media organisation rather than academic and research institutions points to a blind spot in the economic scholarship and the difficulties of approaching the topic in a systematic manner. Furthermore, the *Forbes* lists are vulnerable to criticism. For instance, they do not track the wealth concealed in offshore jurisdictions, some of which was exposed by the investigative journalists working with the Panama and Pandora Papers.[6] The *Forbes* lists do not include governmental officials, presidents or royal families, while developing and low-income countries are generally overlooked. That is why the *Forbes* data are only used here in the cases of Russia, Ukraine and Kazakhstan, whereas for the other former Soviet republics I relied on super-rich rankings published by national media outlets.

[5] Replication files for the Post-Soviet Oligarchs dataset are available in Harvard Dataverse, at: https://doi.org/10.7910/DVN/DVLZBT, accessed 1 February 2023.

[6] 'Offshore Leaks Database', International Consortium of Investigative Journalists, 2022, available at: https://offshoreleaks.icij.org/pages/data, accessed 9 January 2024.

Several remarks concerning the dataset, the underlying coding procedures and several data-related challenges are in order. The PSO covers the wealthiest individuals in the period 2012–2015. The reason for such temporal variation has to do with data availability for a specific year/country (see Figure 1). For larger countries such as Russia and Ukraine, I selected more cases, whereas for smaller countries and settings in which super-rich lists were not published I identified the top ten richest individuals using publicly available sources (see Appendix). Estonia is an exception to the rule as it is regarded a champion of market reforms. In total, the updated 2021 version of the PSO dataset initially compiled in 2015, covers 218 cases.

FIGURE 1. THE DISTRIBUTION OF SUPER-RICH INDIVIDUALS ACROSS THE FSU (2014 – 2015)



Source: Author's PSO dataset

The key variable in the PSO dataset codifies the pre-1991 political connections of wealthy individuals. Since *nomenklatura* is a broad category, only oligarchs who had formerly occupied high-ranking positions in the party and state bureaucracy were classified as politically connected with the Soviet regime. Rank-and-file party members were excluded from the *nomenklatura* category as they did not exert control over significant material resources. In line with previous studies (Fortescue 2006), I did not include red directors amongst members of the *nomenklatura*, because those positions were managerial rather than political. In addition to information regarding ties to the communist regime, the PSO dataset includes socio-demographic attributes such as age, origin, education, assets, pre-oligarchic career, ethnicity, religion, political ties to post-1991 powerholders, media ownership, sports sponsorship and citizenship (see Table 1). Since variables such as the funding of sports federations, media ownership and citizenship are irrelevant to the current project, they were excluded from the analysis.

The data collection process was marked by three major methodological difficulties: lack of information about wealth distribution, data reliability and classification quandaries. The absence of accurate statistics regarding the wealthiest individuals in certain countries was by far the most significant problem. As revealed by the Panama and Pandora papers, the post-Soviet oligarchs, much like their peers in the West, avoid taxation and protect their wealth by hiding it in offshore jurisdictions. For instance, by 2015, rich Russians moved offshore an amount of wealth three times larger than the country's official foreign reserves and comparable to the total household financial assets held within the country (Novokmet *et al.* 2018). In concealing their capital and ownership in secretive jurisdictions, the post-Soviet wealthy elites integrate efficiently within the pre-existing opaque global wealth management systems.

Privacy concerns further complicated data collection. States that collect extensive information about individual wealth tend to follow privacy regulations, treating the identity of the richest residents as confidential. But even official records are based on statements submitted by the super-rich themselves, who have incentives to under-report their income and wealth. In other instances, states may have data on business income but lack accurate information about asset ownership. These issues are not unique to the FSU; researchers studying wealth inequality in advanced economies face similar challenges (Page *et al*. 2013; Novokmet *et al*. 2018). The controversy concerning the release of Donald Trump's tax returns epitomizes this tendency.

Such lack of transparency is often exacerbated by the weakness of state institutions. In authoritarian settings, the absence of an independent judiciary and the suppression of free media make estimating private wealth and ranking the rich a daunting task. In some Central Asian states, Belarus and Azerbaijan, wealth and power are closely intertwined. Presidential relatives, cronies, state officials and members of the same clan control substantial wealth, but asset ownership is kept secret to shield the autocrats and the ruling families from potential public inquiries. For instance, in Turkmenistan, Saparmurat Niyazov and his successor Gurbanguly Berdimuhamedov recruited state officials from their own Ahal sub-group of the larger Teke tribe, thereby enabling them to accumulate wealth (Anceschi 2014). Due to the dearth of data in certain Central Asian settings, I identified the richest individuals by consulting local experts and regional media, looking for biographical information about the high-net-worth individuals and their informal connections to the ruling family.

Another data-collection challenge concerns reliability. Under ideal circumstances, the super-rich would provide truthful statements to authorities and this information, in turn, would be made available to researchers. Because the official information about wealth distribution in each society is fragmentary, the researcher is left with the roundabout option of using indirect assessments of asset value provided through expert surveys conducted by media organisations. To construct the PSO dataset, I used mostly lists published by national business magazines. Such media outlets lack the resources of a global publication like *Forbes* but often possess more in-depth knowledge about the country.[7] These rankings lack a common methodology and as a rule track an individual's wealth by consulting local experts. To offset this impediment, whenever possible I corroborated multiple sources: news, interviews, biographies, academic publications, think tank reports, public records, company documents, diplomatic cables and memoirs (see the Appendix).

Sequencing individual career paths and parsing personal biographies into well-bounded categories presents another data-related challenge. Some of the individuals in the dataset have held concurrent jobs and engaged simultaneously in multiple activities. To avoid confusion, each case has been assigned to one career track. This approach sacrifices complexity for the sake of clarity. The following example illustrates this methodological dilemma. During *perestroika*, state employees took side jobs in the informal sector. In such cases, I have followed the rule of relevance, recording the informal occupation as a sign of risk-taking and initiative, bearing more relevance to wealth accumulation than the official job. In other instances, classifying individuals required prioritising one career sequence over others. Alisher Usmanov, a *nomenklatura* member born in Uzbekistan, was imprisoned on fraud charges during the Soviet era but continued his underground entrepreneurial activities after his release. In the 1990s, he became a Russian citizen; then, in the 2000s, like many of the post-Soviet super-rich, Usmanov established his residence in the West. Even though he could be classified both as a *nomenklatura* member and black marketeer, I focus on his black marketeer career as more relevant for wealth-accumulation purposes. Moreover, Usmanov's path to global wealth illustrates the international mobility of many of the post-Soviet super-rich, who are a cosmopolitan group. Such individuals acquire multiple citizenships, own residencies across several jurisdictions and control multinational conglomerates, making it difficult to classify them as belonging to a particular national context. For example, Bidzina Ivanishvili is ranked both as a Russian and

[7] The journalist Lato Lapsa started compiling annual lists of the Latvian millionaires in 1997 relying on information from open sources. In Belarus, the Ezhednevnik portal was publishing such rankings, but it was shut down and its chief editor detained after the 2020-2021 protests. In other countries, journalists use pseudonyms to report on the wealthy elites. Indeed, such investigative journalists in the FSU resemble the muckrakers of the Progressive Era in the United States.

Georgian oligarch, while Usmanov appears amongst the richest individuals in Russia, Uzbekistan and the United Kingdom. To address such classificatory issues, I selected as the place of residence the country in which an individual's most valuable business assets are located. Such data-related challenges point to the limitations of the PSO dataset and are telling of the obstacles encountered by scholars studying wealth inequality globally, not just across the FSU.

A sociodemographic portrait of the post-Soviet super-rich

Table 1 displays a summary of the sociodemographic characteristics of the wealthy elites as of 2015. In terms of origins, the oligarchs were grouped into rural, urban and immigrant super-rich. The immigrant super-rich comprise those individuals who accumulated their wealth and set up their business outside the country of origin. Most of the super-rich came from urban areas (see Table 1). Only 8% were foreign-born and had an immigrant background, which suggests that the post-Soviet oligarchs are homegrown rather than what critics of the market transition call 'comprador capitalists' or businesspeople acting on behalf of foreign investors.[8]

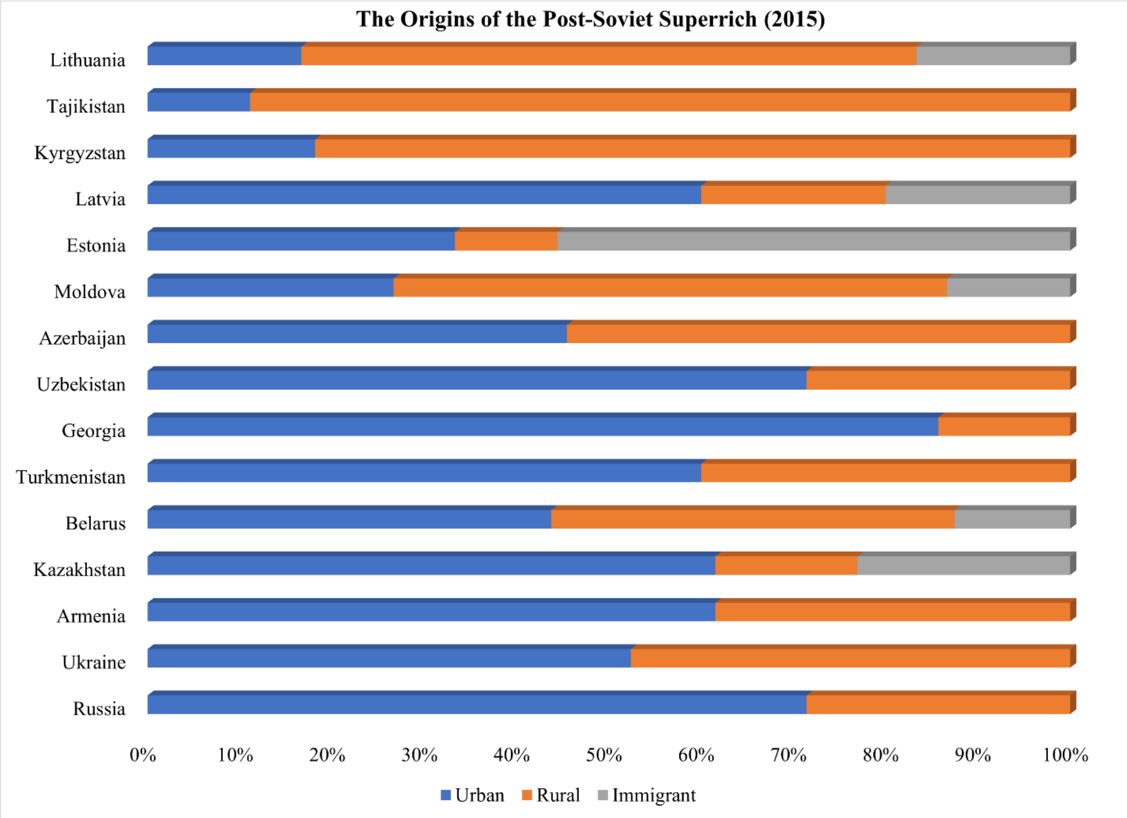
[8] The opponents of market reforms were invoking the term 'comprador capitalism' to describe a bleak scenario in which privatisation would lead to the influx of transnational capital and FDIs, then resulting in the foreign control over the national economy. Jan Drahokoupil (2008) describes such expectations and shows that most CEE countries favored instead the formation of a 'national capitalist class'.

Table 1. The Characteristics of the Post-Soviet Wealthy Elites in 2015.

Variables	Frequency	%
Origins		
Rural	77	42
Urban	90	50
Outsiders	14	8
Educational Level		
No degree	8	4
College	105	56
MA	24	13
PhD	49	26
Education Type		
Natural Sciences	109	59
Humanities/Soc. Sciences	67	36
High school	6	3
Minority		
Majority	133	68
Minority	63	32
Gender		
Male	211	97
Female	7	3
Age		
Pre – 1950	36	18
1950 – 1960	71	35
1960 – 1970	75	37
Post – 1970	21	10
Nomenklatura		
Member	38	19
Non-member	161	81
Blackmarketeer		
Yes	56	26
No	162	74
Total	218	100

There is, however, significant cross-country variation in terms of origins. In Georgia (86%), Uzbekistan (71%) and Russia (69%), the wealthy elites were more urban, whereas in Tajikistan (11%), Lithuania (17%) and Kyrgyzstan (18%) the wealthy had rural origins (see Figure 2). This difference may be explained by the rural character of certain republics. Alternatively, the journey from a Soviet village to millionaire status could point to a high level of upward social mobility during the early phase of the transition. Likewise, the higher number of foreign-born super-rich in Estonia (56%), a champion of market reforms, seems to confirm an earlier finding regarding its successful transition. In Estonia, where robust market institutions were introduced early, the domestic business elites were unable to engage in state capture, monopolise entire economic sectors, and keep out the foreign competition (Abrams & Fish 2015).

Figure 2. The Origins of the Post-Soviet Superrich.



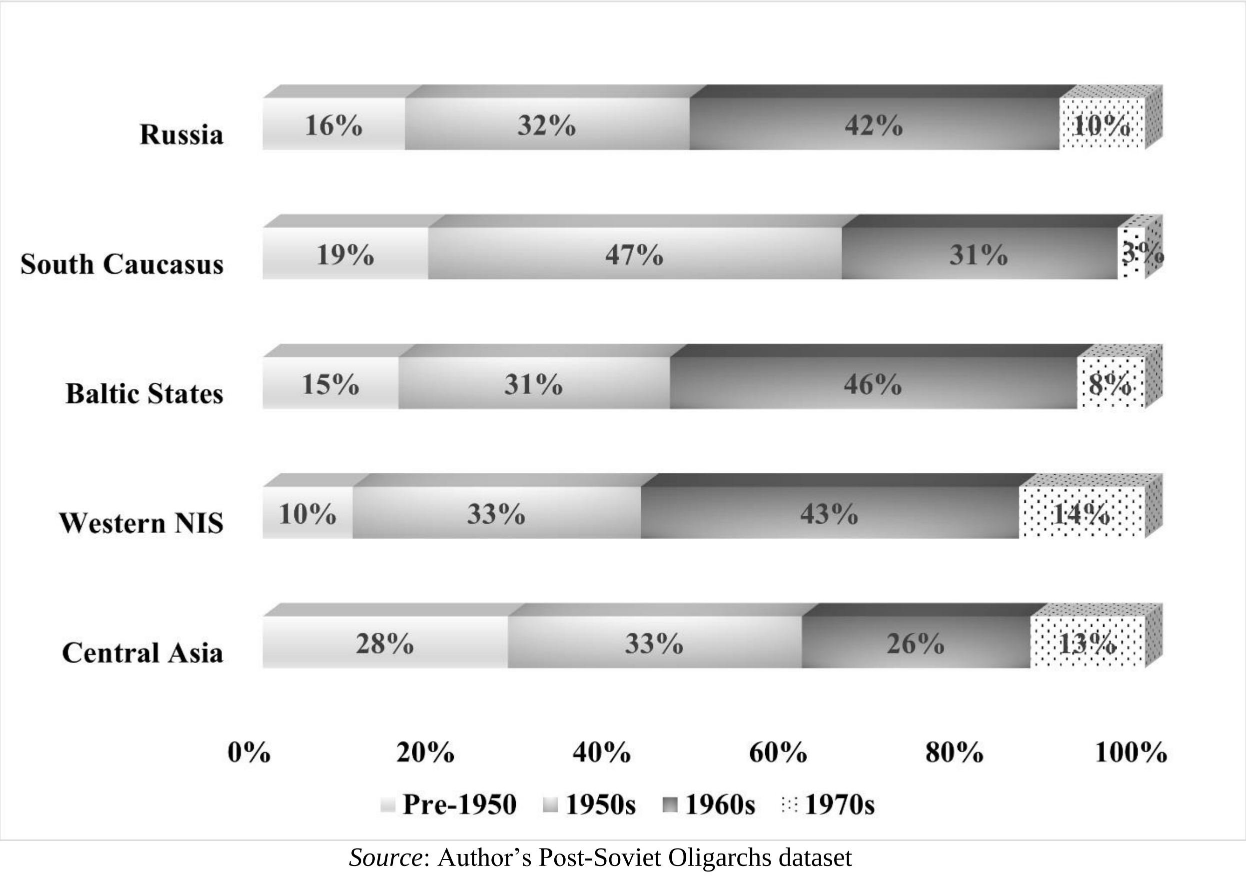
Source: Author's PSO Dataset.

The post-Soviet oligarchs of 2015 were highly educated (see Table 1). A total of 96% had a college degree, while 26% were enrolled in doctoral programmes. This doctoral cohort was mostly based in Russia (23%) and Ukraine (15%). In terms of education type, 59% held degrees in the natural sciences. There was, however, some cross-country variation in terms of the type of education. The Russian, Ukrainian and Georgian oligarchs tended to hold degrees in natural sciences, whereas most of the Kyrgyz super-rich had degrees in social sciences and humanities. The predilection for natural sciences and engineering could be explained by the superior career and economic prospects associated with such qualifications under the Soviet system.

Minorities are well-represented amongst the economic elite. Oligarchs belonging to a non-titular ethnic or religious group constitute 32% of the total. In their studies, Fortescue (2006), Braguinsky (2009) and Suart (2019, p. 33) highlight the presence of minority oligarchs in Russia, in particular of Jewish, Georgian and Muslim origin. In Central Asia, one finds super-rich individuals of Korean extraction. Dmitry Lim in Uzbekistan and Vladimir Kim in Kazakhstan are both descendants of the ethnic Koreans deported by Stalin in the 1930s from the Far East. This finding aligns with previous research, demonstrating that minority groups often specialised successfully in a particular trade (Brezis & Temin 1999). Likewise, it echoes Weber's (1905) much-discussed argument about the impact of religious beliefs on entrepreneurship. In the FSU region, the ethnic and religious diversity amongst the oligarchs indicates that, unlike politics, where nationalist tendencies could be observed in the early 1990s, entrepreneurship and access to wealth were open to minorities.

Age matters as well. Older individuals face more challenges when switching careers in fast-changing environments. Most of the super-rich were young at the beginning of *perestroika* era, in 1985 (see Figure 3). The average age by the end of *perestroika*, in 1991, was 29 years, with 47% of the wealthy under 30. Only 16% were born during the Stalinist era. Here I found again cross-country variation. In Ukraine, Russia and Lithuania, the proportion of younger oligarchs was higher than in Georgia, Kazakhstan and Kyrgyzstan. Given that the communist regimes were often characterised as gerontocracies, it is highly improbable that the younger cohort developed strong ties to the party-state. Indeed, cross-tabulating the data reveals that none of the individuals born after 1970 belonged to the *nomenklatura* group.

FIGURE 3. THE AGE OF THE FSU SUPER-RICH BY DECADE (%) (2015)



Source: Author's Post-Soviet Oligarchs dataset

The gender dimension of wealth inequality is largely ignored by scholars. Nearly all the FSU super-rich are male, with only 3% being women (see Table 1). Furthermore, the few women in the dataset were related to Central Asian dictators. This is a paradox, given that the gender-based wage inequality during the Soviet period declined (Ghodsee 2018). The observed gender inequity amongst the richest residents of the FSU does not align well with earlier research by Wasilewski and Wnuk-Lipiński (1995), who showed that after 1989 the representation of women among CEE economic elites improved slightly compared to the Communist period. By contrast, the PSO data suggest that the arrival of capitalism in the FSU contributed to the consolidation of traditional patriarchal structures in the economic sphere. The process of upward social mobility observed during the early phase of the transition to market appears to have excluded women.

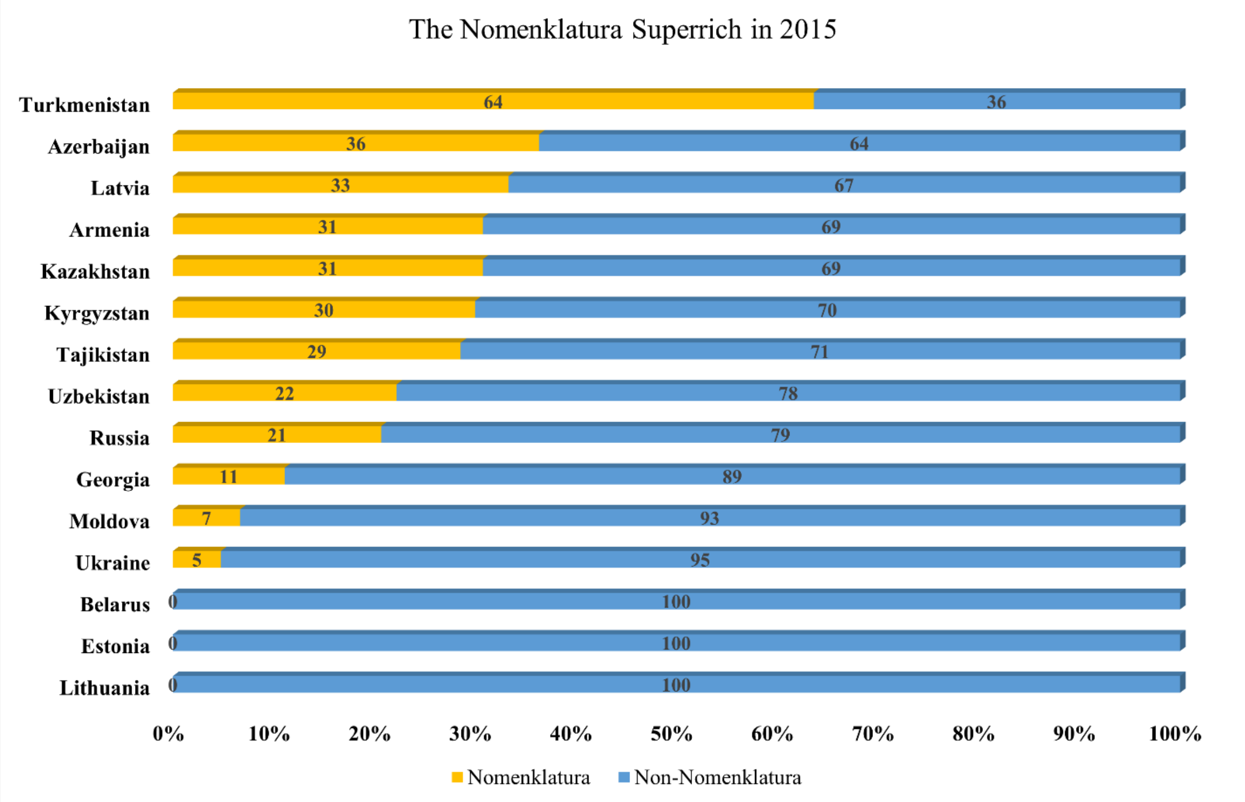
The wealthy elites as captured in the PSO dataset, thus, consisted of mostly urban-born men, who were relatively young at the beginning of the market transition and highly educated, with degrees in the natural sciences. At the same time, the sociodemographic characteristics of the super-rich vary by country and region due to the diverse local conditions, the structure of the economy and the degree of liberalisation in each context.

Testing the nomenklatura *capitalism argument*

The PSO dataset allows us to reassess the *nomenklatura* capitalism argument. An initial examination of Table 1 reveals that 80% of the wealthy lacked a *nomenklatura* background, whereas 20% were communist officials. Comparing the *nomenklatura*-super-rich and non-*nomenklatura* cases, one observes that slightly more *nomenklatura*-wealthy were born in villages. Also, the *nomenklatura*-super-rich held degrees in humanities and social sciences, with minorities well-represented in the group.

This finding seems to disprove the claim that former high-ranking regime officials took control of post-Soviet economies. While the percentage of Soviet officials who became capitalists may have been higher during the early stages of transition, the low proportion of *nomenklatura*-wealthy in the dataset indicates that their presence amongst the new wealthy elite has been gradually declining. At the same time, the reproduction of *nomenklatura* power varied across national settings. A closer data analysis reveals significant differences in terms of the presence of *nomenklatura*-oligarchs amongst the wealthy elites in each country (see Figure 4) and region (see Figure 5). The observed geographic patterns suggest that while the *nomenklatura* capitalism argument may be valid for certain countries and sub-regions, it may not hold across the whole FSU region.

Figure 4. The Nomenklatura Superrich across the Post-Soviet Republics % (2015).

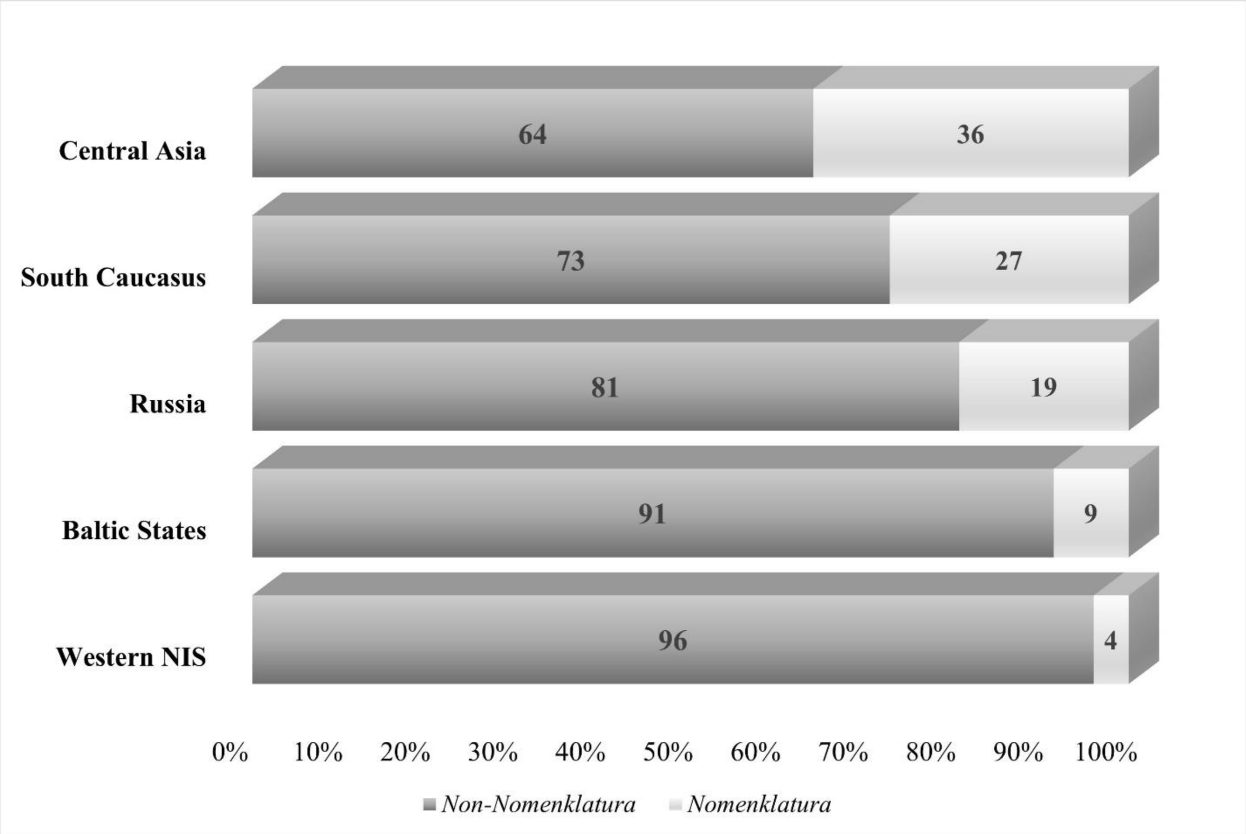


Source: Author's PSO Dataset.

Whereas in Estonia, Lithuania and Belarus, no *nomenklatura* officials were identified amongst oligarchs, in Turkmenistan (64%), Azerbaijan (37%), Latvia (33%) and Kazakhstan (31%) the concentration of cases is above the regional average of 20%. These diverging trends point to distinct political economies with varying configurations of *nomenklatura* ties, power and wealth distribution.

Once the cases are clustered by region in Figure 5, an intriguing spatial pattern emerges. More communist officials are present amongst the wealthy elites of Central Asia and the South Caucasus as opposed to the Western New Independent States (Moldova, Ukraine and Belarus) and the Baltic states. Compared to the Baltic states and the Western NIS, the Soviet *nomenklatura* in Central Asia and South Caucasus appears to have been more successful in taking advantage of the market transformations, converting its influence into private wealth. These observations prompt us to ask why, in certain post-Soviet countries, the *nomenklatura* perpetuated its influence, converting it into wealth, while in others it failed.

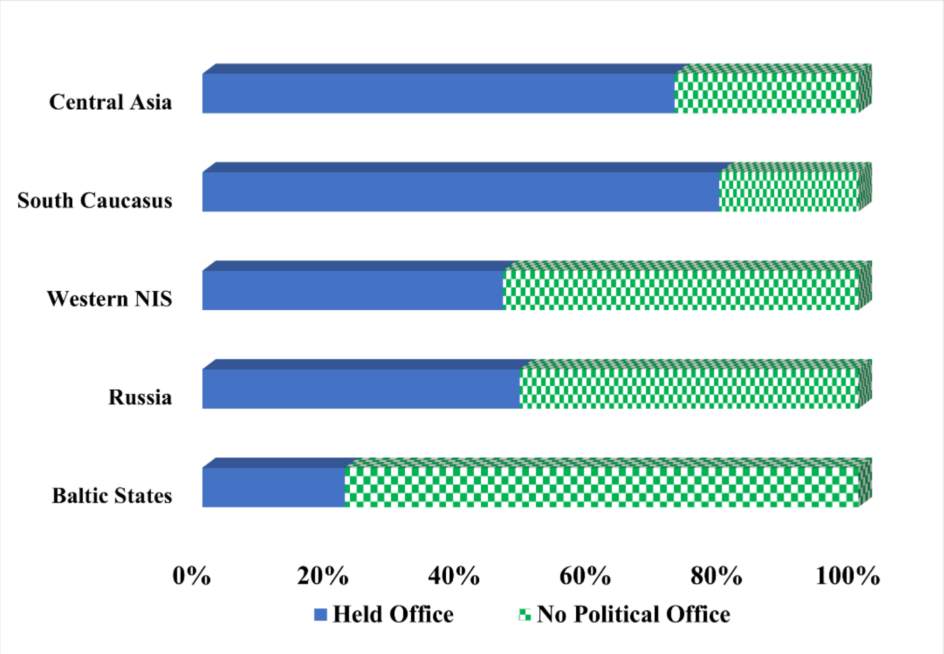
FIGURE 5. THE REGIONAL DISTRIBUTION OF THE *NOMENKLATURA* SUPER-RICH



Source: Author's Post-Soviet Oligarchs dataset

Former Soviet officials may have become super-rich *via* indirect mechanisms. In certain republics, the Soviet *nomenklatura* morphed into the new state elites and acquired assets as members of the post-Soviet ruling class. In this sense, the fall of communism in Moscow, at the centre, did not lead to the replacement of the Soviet *nomenklatura* in Central Asia or South Caucasus with new political figures. To test this hypothesis, I created the 'political influence' variable, a binary variable measuring whether members of the wealthy elites had held public office or functioned as politicians after 1991. Using this positional approach, I found that 56% of the super-rich were formally either politicians, high-ranking members of a political party or state officials at different levels (see Table 2). Most of the *nomenklatura*-oligarchs (81%) in the dataset had successfully transitioned from being Soviet officials to national politicians in the new republics. By contrast, roughly half (49%) of the non-*nomenklatura* super-rich were involved in politics or occupied public office after 1991. In other words, ties to the Soviet regime contributed to a successful adaptation in certain republics, while, in other instances, the super-rich formed useful political connections only after 1991.

Figure 6. Wealth and Formal Political Office after 1991.



Source: Author's PSO Dataset.

Institutions shape the nature of political ties contributing to wealth accumulation. Two paths are distinguishable: authoritarian and democratic. The authoritarian path to wealth was indirect. It appears that *nomenklatura* members adapted well and preserved their influence by building authoritarian regimes. They established control over the state and then captured major assets, amassing substantial wealth. The higher proportion of cases in Central Asia confirms this trend (see Figure 6). Once in place, secure property rights in authoritarian settings become a function of personal loyalty to a dictator rather than business acumen.

A second scenario unfolded in hybrid regimes such as the Western NIS and democracies such as the Baltic states, where the former communists conceded power to counter-elites in competitive elections (see Figure 6). In democratising contexts, power and wealth constitute distinct realms and do not overlap as much as in authoritarian settings. Thus, roughly half of the wealthy relied on their private resources to accede to power predominantly in those countries, where party funding and campaign financing advantaged the super-rich, allowing them to engage in wealth defence. In other cases, an oligarch moved in and out of government, exerting informal influence over ministers to consolidate his wealth. The cases of Vladimir Plahotniuc and Vladimir Filat in Moldova, Petro Poroshenko in Ukraine and Aivars Lembergs, Andris Šķēle and Ainārs Šlesers in Latvia illustrate such a pattern (Marandici 2021a).

For a millionaire, holding public office in a postcommunist state did not necessarily translate into political leverage. Nor should it be assumed that all the super-rich holding office sought to exploit the state for self-enrichment. Occupying a political position may have signalled lack of political clout and insecure property rights. Thus, Boris Berezovsky, a Russian oligarch from the 1990s, exerted significant informal sway over the Yel'tsin administration. In the early 2000s, as his influence waned under Putin, he was elected to the *Duma*. His decision to become a MP was an element of a wealth-defence strategy, whereby Berezovsky hoped to gain immunity from prosecution. To go beyond the binary positional approach and capture the strength of such political ties as well as the degrees of oligarchic influence, I relied on a variety of secondary sources and created an additional variable that measured the level of formal and informal influence of each of the individuals in the dataset (see Table 2).

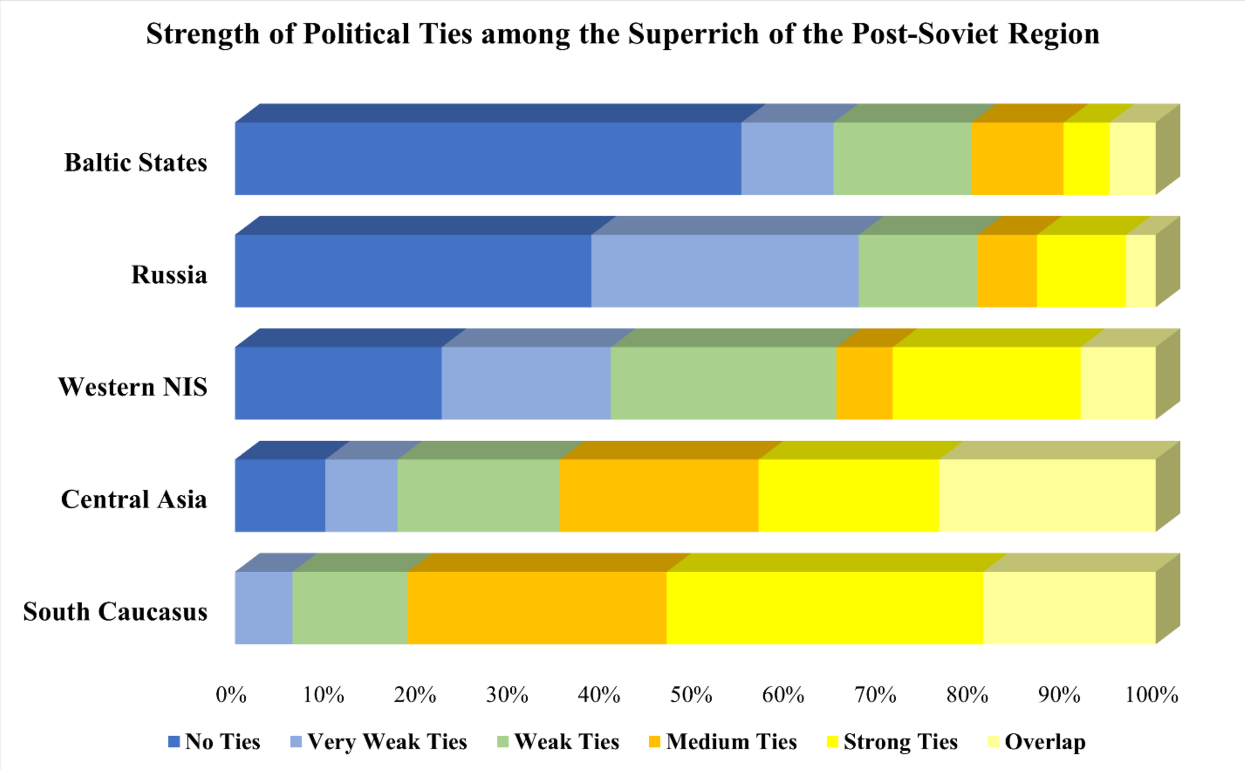
Table 2. The Post-Soviet Wealthy Elites and Their Political Influence after 1991, 2015.

Levels of Political Influence (ascending)		Non-nomenklatura %	Nomenklatura %	Total %
Level 1	No formal influence	25	6	21
Level 2	Local and regional MP, governor, party sponsor, adviser	16	8	14
Level 3	MP, adviser, family ties to 3 or 4, mayor of a major city	20	6	17
Level 4	Leader of an opposition party, media magnate	11	25	14
Level 5	Minister, party leader, vice-PM	19	22	20
Level 6	President, PM, Speaker, presidential family	9	33	14

Source: Author's Post-Soviet Oligarchs Dataset.

The scale in Table 2 quantifies both formal and informal ties, shifting from a positional approach to a more comprehensive measure of political connectedness. Informal components of power relations such as kinship, friendship or family connections are more difficult to detect and quantify (Ledeneva 2013). To avoid potential confusion, individuals who had occupied multiple positions were ranked based on the highest office held. Percentagewise, more *nomenklatura* wealthy occupied the highest offices (33%) under postcommunism *circa* 2015 compared to non-*nomenklatura* cases (9%) (see Table 2). The involvement of business magnates in local politics at the sub-national level may seem surprising yet it is most likely related to the defence of the property rights over their assets in that area. The inclusion of informal ties as a type of political connection expands the group of the super-rich involved in politics to 79% of all cases. Thus, despite the rejection of the *nomenklatura* capitalism argument as invalid for the whole FSU as of 2015, the high proportion of super-rich with political ties points to various degrees of overlap between wealth and power across the former Soviet lands.

Figure 7. The Overlap between Wealth and Power across the FSU Region.



Source: Author's PSO Dataset.

Power and wealth are intertwined in several ways across the FSU. In Figure 7, the data from Table 2 measuring the connectedness between wealth and power were used to plot the proportion of politically connected super-rich across the five FSU regions. The data point to two distinct groups of super-rich: political entrepreneurs, whose wealth depends on political influence, and market entrepreneurs consisting of self-made super-rich. Regional patterns are present as well. Compared to the Baltic states, Russia and the Western NIS, power and wealth are more concentrated in Central Asia and South Caucasus. In Central Asia, the close power–wealth nexus points to the emergence of neopatrimonialism with authoritarian leaders and their relatives controlling the economy. This pattern differs from the one observed in the Western NIS (except for Belarus), where oligarchs feature as independent actors using their private wealth to capture state institutions *via* competitive elections (Marandici 2021a). The intersection between politics and wealth is limited in the Baltic states, the three democratic market economies that joined the European Union in 2004, implementing comprehensive reforms early on. The observed regional patterns align well with research showing that institutional and political differences may lead to the fusion of the political and economic spheres in certain postcommunist contexts, producing dense patronal networks and stable institutional equilibria (Hale 2015; Magyar & Madlovics 2020).

To test the causal impact of the Soviet ties on wealth and political power after 1991 more rigorously, I estimated ordinary least-squares (OLS) models with *nomenklatura* membership as the key independent variable and post-1991 political influence and wealth as dependent variables. The results in Table 3 allow us to infer that overall across the FSU *nomenklatura* ties have had a positive effect on wealth and political influence under postcommunism. However, such ties seem to have had a greater effect on political influence rather than wealth. Interestingly, *nomenklatura* membership features as a better predictor of wealth than the engagement in semi-legal entrepreneurship during *perestroika*. Also, the results suggest that being a black marketeer during the late 1980s had a significant positive effect on wealth but not on political influence. Likewise, belonging to a minority group had a negative impact on political influence, which is probably due to the observed disempowerment of minorities linked to the growing nationalism across the region in the 1990s.

Table 3. OLS Models with post-1991 Wealth and Political Influence as Dependent Variables.

Variables	(1) Wealth	(2) Wealth	(3) Wealth	(4) Political Influence	(5) Political Influence	(6) Political Influence
Perestroika Age	.008	.005	.006	.031*	.021	.000
Minority	.072	.050	.041	-.781**	-.917***	-.714**
Gender	.367	.469	.450	.904	1.199	.976
Education Level	-.016	-.011	-.023	.153	.136	.183
Region[a]						
Baltic States	-1.397***	-1.372***	-1.337***	.254	.441	.147
South Caucasus	-.368*	-.363*	-.246	1.845***	1.775***	2.26***
Central Asia	-.745***	-.791***	-.758***	1.086**	.994*	.966*
Western NIS	-.885***	-.850***	-.831***	.907*	1.030**	.794*
STEM Education	.002	.045	.056	-.634*	-.476*	-.343
Origins[b]						
Urban	.010	.015	.056	.001	.012	-.061
Immigrant	.086	.181	.191	.186	.435	.286
Blackmarketeer	.185	.245*	.260*	-.232	-.064	.415
Nomenklatura Ties		.354*	.366*		1.080***	1.51***
Wealth[c]						-.068
Political Influence			-.012			
Constant	3.282***	3.256***	3.215***	.935	.897	1.279
N	206	202	201	206	202	198
R^2	.433***	.459***	.439***	.336***	.386***	.450***

OLS coefficients. *p < .05, **p < .01, ***p < .001. [a] Russia as base category; [b] Rural; [c] Logged.

The OLS results in Table 3 confirm the existence of another regional effect. Being in a post-Soviet country other than Russia, which serves as the base category, has a negative effect on wealth. This should not be surprising, given that the PSO dataset records the higher levels of wealth for the Russian oligarchs compared to their peers from other post-Soviet republics. Such wealth disparities amongst the FSU oligarchs may be due to Russia's size and its transition strategy in the 1990s, which created a small group of owners. At the same time, the OLS results indicate that the wealthiest individuals in the South Caucasus, Central Asia and the Western NIS (mostly Ukraine and Moldova) seem to be more influential in comparison to the Russian wealthy elite (see Table 3). The latter finding may be explained by the rise of authoritarian practices after Putin's accession to power and his use of state coercion *vis-à-vis* oligarchs to limit their political involvement. As noted earlier, this trend in Russia is similar to the greater overlap between power and wealth observed in the authoritarian regimes of Central Asia. Surprisingly, in models 4 and 5, a background in natural sciences has a negative impact on political influence. Such a tendency may be explained by the overconcentration of the oligarchs with such educational background in authoritarian contexts affected by the 'brain drain' phenomenon, which accompanied the declining economic status of scientists after the Soviet collapse, as evidenced by the new emphasis of the FSU higher education systems on law and economics degrees (Moody 1996).

Regressing political influence on wealth in model 3 and wealth on political influence in model 6 did not yield any evidence that political connections paid off across the region or that wealth led to more political clout (see Table 3). In interpreting these results, it is important to bear in mind that they refer to the whole FSU rather than individual countries.

Conclusion

The article contributed to the literature on wealth inequality by introducing an original dataset of the super-rich, using it to test the *nomenklatura* capitalism argument and assessing the effect of political ties on the wealth of the high-net-worth individuals in the FSU. The statistical analysis revealed that the majority of the FSU oligarchs in 2015 had not occupied high-ranking positions under the Communist regime, a finding that confirms earlier research showing that *nomenklatura* members were amongst the losers of the market transition in Central and Eastern Europe (Eyal *et al*. 1998; Sałach & Brzeziński 2022). The data analysis highlighted that many of the super-rich were highly educated young men taking risks and engaging in semi-legal commercial activities, which would have jeopardised the career prospects of a Soviet *nomenklatura* member in the 1980s.

Yet, the study identifies substantial regional and cross-country variation in terms of individual paths to wealth after the Soviet disintegration. In certain countries, the *nomenklatura* lost its influence, while in others it adapted and survived for decades. Thus, former regime officials maintained their positions in the Central Asian republics, where wealth and power after Communism fused to a greater degree than in other former Soviet regions. As Junisbai (2012) observed, the security of property rights in Central Asia depended on the personal loyalty of the super-rich to the authoritarian leader, which would explain why the Central Asian oligarchs rarely challenged autocrats. In this sense, the new economic order in Central Asia is far from a revolutionary break with the past but rather the result of a path-dependent evolution materially benefiting the old elites and their patronal networks, a crony capitalist system in which meritocratic social mobility is stifled, leading to the entrenchment of the old elites, a phenomenon observed in some advanced market economies as well (Morck *et al*. 2005). That is why the optimal wealth defence strategy adopted by the Central Asian super-rich centred on their display of loyalty towards the political leader, who with his family often sits at the top of the wealth pyramid. In this sense, the combination of power and wealth in Central Asia, Azerbaijan, Belarus and post-2000 Russia diverges from the trajectories of the East Asian developmental states, where the political elites cultivated a sense of allegiance amongst the capitalist class towards the modernising state rather than personal devotion to a leader.

By contrast, in Russia of the 1990s, in the Baltic states, Ukraine, Moldova and pre-Lukashenka Belarus, initial market reforms combined with democratisation led to the emergence of oligarchs, who relied on their resources to run for office, sponsor parties, buy lawmakers, shape policies, corrupt judges, extract rents and defend their wealth *via* other means. In democratising contexts such as Ukraine, Moldova, Georgia and Armenia, the super-rich develop ties with opposing political camps and may shift their support from one party to another to protect their assets (Pleines 2019). When alternations in power occur, as in Ukraine, oligarchs tend to hide their ties with the ousted politicians and obfuscate their wealth *via* shell companies registered in offshore jurisdictions (Earle *et al*. 2022). One also observes the formation of oligarchic networks that occasionally capture the state *via* free elections thanks to their unfettered access to resources. Even in Latvia and Lithuania, recognised as consolidated democracies, oligarchs emerged as pivotal actors during the first two decades of transition, wielding excessive influence both formally *via* political parties and informally *via* patronage networks. In examining the political ties of the wealthy, it is worth noting that such relations may be mutually beneficial as in democratising countries politicians may have more to gain from their association with the oligarchs rather than *vice versa*.

In the former Soviet republics where rule of law and democracy failed to take root, hybrid regimes turned into authoritarianism, rendering the super-rich dependent on the new regime. The Russian case is illustrative in this regard. In the late 1990s and early 2000s, the oligarchs were deemed powerful actors who had captured the state, while being acknowledged as efficient managers in academic studies (Guriev & Rachinsky 2005; Gorodnichenko & Grygorenko 2008; Braguinsky 2009). After the so-called *shashlik* agreement in 2000 and the shift towards a personalist dictatorship in the mid-2000s, Putin’s relations with the super-rich followed the Central Asian pattern whereby the security of an oligarch’s wealth depended on his non-involvement in opposition politics and loyalty to the authoritarian leader rather than on impartial courts. Most of the Yel’tsin era super-rich adapted to the Putin era, even though they competed with a new group of entrepreneurs who made their fortunes by winning lucrative state contracts through their friendship ties to the Russian president (Lamberova & Sonin 2018).

Although this article did not focus on the super-rich in one country but adopted a regional approach, the behaviour of the Russian oligarchs during the 2022 invasion of Ukraine further supports the assertion that they acquiesced to the war policies to protect their wealth. Despite the negative effect of the Western sanctions on their wealth, most of the Russian oligarchs remained silent. A notable exception remains Oleg Tinkov, a self-made Russian billionaire living abroad, who renounced his citizenship to protest the war and was forced to sell his assets at a discount price afterwards.[9] It seems that in authoritarian contexts, the wealthy elites find themselves into a relation of dependence *vis-à-vis* the political leader, whereby the informal rules of the regime require support for the war agenda in exchange for secure property rights. But political ties can turn into a heavy burden. After Russia's invasion of Ukraine, some of the Russian oligarchs unsuccessfully challenged the EU and US sanctions in courts, rejecting the notion that they are connected to the country's ruling politicians. Future research needs to better conceptualise the variety and types of political connections, exploring the distinct effects of such ties on the wealth defence strategies adopted by the super-rich under different political regimes.

Finally, these findings should prompt scholars to reflect on the Soviet collapse as an uneven, gradual spatial process, producing diverse configurations of wealth and power across the former communist core. Once in place, wealth inequality patterns tend to perpetuate themselves with the early oligarchs consolidating their gains and leaving a deep imprint on the quality of governance. While the rhetoric of class struggle has long disappeared from the official discourse across the FSU, the wealthy elites who replaced the privileged class of party bureaucrats epitomize the rise of a new type of power based on control over economic resources. As the FSU super-rich transfer their wealth to their descendants, many of whom are educated and reside in the West, inheritance laws may become a contentious issue, generating demands for restrictions on intergenerational transfers and calls for increased redistribution via taxation.

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Appendix

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