

Economic persistence over the Soviet period: Tribes in Kyrgyzstan

Catherine Guirkinger and Gani Aldashev

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Abstract

As a part of EDI case studies on the economic role of clans in Kyrgyzstan, we built a data set that links individual level data collected in 2011-13 to historical information about the tribes to which individuals belong. In addition we construct a measure of tribes' level of political representation in the 1970s, using information about the Supreme Soviet deputies' places of birth and detailed maps of tribes geographical location. This dataset allows us to analyze long-run persistence of economic well-being in the face of massive (and violent) Soviet expropriative and redistributive policies. We document that even after controlling for unobservable local-level effects, the economic well-being of Kyrgyz households in the 2010s strongly correlates with the early 20th-century (pre-Soviet) average wealth of the tribes to which the household heads belong. Furthermore, the degree of economic inequality among tribe members today correlates with the wealth inequality within tribes in the pre-Soviet period. In terms of channels of persistence, we find support for the inter-generational transmission of human capital, relative status, political power, and cultural traits. This persistence is surprising, given the extreme equalizing policies conducted by the Soviet government from 1917 to 1991 and the Soviet campaigns to eradicate tribal identity. The results of this analysis are available in a paper co-authored by Catherine Guirkinger, Gani Aldashev, Alisher Aldashev, and Mate Fodor entitled "Economic persistence despite adverse policies: Evidence from Kyrgyzstan".

Main results of the research

Questions about the role of government policies in affecting the inequality trends and possibly counteracting the declining social mobility are currently at the forefront of public debates. Relatedly, academic research in economics has been experiencing a recent revival of interest in the analyses of distribution of income and wealth and in the determinants of inter-generational mobility in economic outcomes.

However, many questions remain open concerning the capacity of government policies to seriously affect the inequality and social mobility trends in the medium and the long run. In this paper, we provide some answers to these questions, exploiting a natural large-scale experiment of the Soviet expropriative and redistributive policies in Kyrgyzstan.

Persistence of relative well-being

To do so, we combined data from several sources of rich historical and contemporaneous data from Kyrgyzstan in the pre-Soviet, Soviet, and the post-Soviet periods. Using this combined dataset, we can study the persistence of economic outcomes between and within units of the traditional social structure of the Kyrgyzs (tribes) over a long 20th century in a context where the Soviet government conducted a multitude of aggressive egalitarian and anti-traditional economic and cultural policies. More specifically, we use the 2012 wave of the “Life in Kyrgyzstan” (LiK) household survey and rely on the record of the household head’s clan identity to link the household to a tribe (each tribe consists of multiple clans). To measure the Kyrgyz tribes’ economic situation at the beginning of the 20th century, we rely on the materials of two Russian colonial expeditions, conducted between 1907 and 1913 in the territories that cover the modern-day Kyrgyzstan and Kazakhstan. These materials contain information on the composition of Kyrgyz families and their economic well-being (at the extended family level). Most importantly, they include information on kinship (sub-clan names) of each extended family, which allows us to identify the tribe to which each extended family belongs. To aggregate the 1910 clan-level information to tribes and to match them with the 2012 data, we rely on materials from an ethnographic expedition conducted by two prominent Russian ethnographers in 1953-55.

Our main finding is the robust correlation in tribe-level economic outcomes, between 1910s and 2010s, even after controlling for unobservable local geographic effects: the income, expenditures, and asset holdings of individuals living in the same neighbourhood but belonging to different (paternal) tribes is positively correlated with the material well-being of their respective tribes in pre-Soviet times (measured by livestock holdings and land property in per capita terms). Furthermore, the size of the statistical correlation is substantial: one additional standard deviation of tribe wealth in the past is associated with an additional 0.195 standard deviations of individual income today. This suggests a persistence rate comparable to what is found in the academic literature for other countries.

The 2012 LiK survey includes information on the parents of respondents, which allows us to investigate whether the pre-Soviet tribal wealth correlates with individual outcomes for the *parental* generation. We find that even during the Soviet period, the relative social position held by individuals (for instance, the skill type of their jobs, the sector of activity, or the social prestige of the job held) correlates positively with the pre-Soviet wealth of tribes from which these individuals descend.

Furthermore, we also find that the degree of economic inequality among tribe members today is positively correlated with the within-tribe wealth inequality in the early 20th century. In other words, tribes that had more wealth inequality in the 1910s are relatively more unequal in the 2010s. This is a surprising result, given the massive compression of inequality in material well-being during the Soviet period.

To dig deeper into these patterns, we add to our database the data on politicians elected into the Supreme Soviet (the Republican Parliament) of Kyrgyz Soviet Socialist Republic in the 1970s. This enable us to test for a correlation between the Kyrgyz tribes' levels of "political capital" in the 1970s and the pre-Soviet wealth of tribes. More precisely, we use data from the 360 ethnic Kyrgyz members of the Supreme Soviet elected in 1972 and 1976. Matching this data with the tribe composition of villages (from the ethnographic expeditions in 1953-55), we can attribute a tribe identity to each MP, and we find that tribes that were richer in the pre-Soviet period were over-represented among the Kyrgyz Soviet political elite in the 1970s.

Channels of persistence

A large literature in economics has documented persistence in relative economic outcomes over a long period of time. The main driver of this persistence in this literature is wealth transmission from parents to their children: richer parents leave larger bequests to their children, who in turn transmit wealth to their own children. Hence, unsurprisingly, in the contexts of the countries studied in the previous literature, richer families at the start of the 20th century are expected to fare better a century later. What makes our study particularly interesting is that the wealth inheritance channel was *de facto* shut down by Soviet economic and social policies. The aggressive Soviet redistributive policies targeted the wealthy households, virtually all the land and livestock were collectivized, and the transmission of material assets through inheritance was extremely limited.

However, Kyrgyz families may have transmitted to their offspring other assets, such as human capital (education), social capital (connections) or "political capital" (access to political power). Regarding the human capital channel, the correlation between education levels in the 2010s and tribes' wealth in the 1910s is quite weak. Besides formal education, families may also transmit cultural traits, some of which might facilitate economic success under the market system (for example, values of entrepreneurship). Our data does not allow to directly trace the persistence of cultural traits. However, a necessary condition for this channel of transmission to operate is that tribes exhibit sufficiently marked differences in cultural traits. We are able to test this condition using the 2012 wave of LiK survey. When doing so, we find that tribes differ significantly in their key cultural traits (such as inter-generational co-residence patterns, marriage outcomes, and the openness to accept a son-in-law or a daughter-in-law from another ethnic background).

A mechanism related to (but distinct from) the transmission of human capital is based on social networks. If the allocation of scarce resources (for example, prestigious positions or jobs) relies on clan-based networks, then tribes and clans who initially held powerful positions in the Soviet administration may have endowed their next-generation members with better economic and social opportunities. Then, even in the absence of inter-generational transmission of wealth or human capital, we might observe a persistence in levels of relative prosperity over several generations. Our empirical results on the political representation of tribes in the 1970s mentioned above confirm the relevance of this channel. The qualitative evidence provided by historians and political scientists corroborates our findings: multiple authors confirm that in Kyrgyzstan clan and tribe networks were important in the political elite sphere during the both the pre-Soviet and Soviet periods, and that in the post-Soviet period, both local politics and business activities heavily relied on clan solidarity and loyalty norms.

Policy implications

Our findings have important implications for the key policy debate in economics concerning the effectiveness of public policies in reducing inequality and enhancing social mobility. Although recent studies (e.g. Jakobsen et al., 2020) find that the elasticity of taxable wealth with respect to the net-of-tax return is large (at the top of the wealth distribution), our work argues that wealth taxation - even in its extreme form - does not revert the fortunes within a society, because the groups that are ranked higher in terms of their pre-policy wealth adjust by shifting their effort to other non-taxable channels of inter-generational transmission of well-being and status. Thus, our findings lend support to the so-called “Pareto’s Law” (in 1897, Vilfredo Pareto argued that *“In all places and at all times, the distribution of income remains the same. Neither institutional change nor egalitarian taxation can alter this fundamental constant of social sciences”*). A natural question for future work is whether the patterns we find in our work hold in other societies that have implemented massive wealth taxation but whose social structure is less reliant on tribal and clan-based identity. Interestingly, recent work on China where massive redistributive policies were conducted by the Communist government in the 1960s and 1970s seems to find a pattern similar to ours. Alesina et al. (2020) analyses the correlation in individual-level economic outcomes of three generations of Chinese citizens: current-day, their parents (grown up during the Cultural Revolution period), and their grandparents (who came of age before the 1950 revolution). Their main finding is very similar to ours: the strong equalizing effect of the Communist regime policies gives way to a strong re-emergence of the inequality and rankings in economic outcomes after the 1978 pro-market reforms. In terms of the main mechanism, the authors argue in favor of the transmission of cultural values, by using the comparison between current-day Chinese who grew up with their parents (and hence could inherit their cultural values) and those whose parents died early (and thus the cultural transmission mechanism was unlikely to be at play).

Our study also contributes to the understanding the role of traditional institutions and sub-ethnic identity on the economic behavior and outcomes in developing countries today. We find that these institutions are extremely resilient: their influence resists some of the most radical economic and cultural public policies ever undertaken. Our findings also show that paying attention to the distributional outcomes at the finer level of sub-ethnic groups (tribes and clans), in contrast to most of the current work focusing on group inequality at the level of ethnicity or race, is crucial. This is because in a society where people strongly identify with tribes, clans, and other sub-ethnic groups, the emergence and rise of inter-clan inequality in economic outcomes potentially creates fertile ground for internal rivalry and conflicts, including the instrumentalization of such identities by political parties. Such instrumentalization is clearly a major factor that can destabilize the society.

References and further readings

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