

The Global Encyclopaedia of Informality

Understanding Social and Cultural Complexity

Volume 2

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with

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Concluding remarks to Volume 2: are some countries more informal than others? The case of Russia

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Russia is renowned for its unwritten rules. There are informal practices in all countries, as these volumes show, but some scholars have argued that in Russia such practices play a particularly important role (Shanin 1999; Barsukova and Radaev 2012). The difference, it is argued, lies not only in the scale and diversity of the practices. Rather it is that, for Russians, informality is not an option but a necessity, just as it is part and parcel of the system of governance (Ledeneva 2006, 2013).

The embeddedness of informality in Russia means that there is no clearly defined gap between formal rules and informal practices. The boundaries are blurred. Many informal practices are closely associated with formal rules, past or present. In medieval Russia, for example, the system of *kormlenie* (feeding) legally obliged the population to ‘feed’ the representatives of supreme power, thereby freeing the state from the burden of paying the officials’ salaries. The abolition of this legal norm in the sixteenth century and the subsequent introduction of taxation did not, however, eliminate the practice. *Kormlenie* has become an unwritten rule defining the relationship between the authorities and the population, associated with a cultural tradition of tribute and gratitude (Kordonsky 2016). While it would be an oversimplification to assume that corruption in modern Russia is derived from the practice of *kormlenie*, the embeddedness of ‘feeding’ and its association with cultural norms certainly helped set the stage for large-scale corruption in today’s Russia.

Informal practices do not, however, simply ‘inherit’ the features of former legal norms; they also engage with existing laws. Paradoxically, informal arrangements now widespread in the Russian economy exist not in spite of, but in strict accordance with, the letter of the law. These include practices such as kickbacks (*otkat*), manipulation of bankruptcy proceedings (*zakaznoe bankrotstvo*), corporate raiding (*reiderstvo*) and customs-duty allowances (*tamozhenniye l’goty*). For example, Russia’s notorious bankruptcy law of 1998 triggered the manipulative use of the law by virtue of the very low threshold it laid for instigating bankruptcy charges. By the same token, this legislation to improve transparency and financial discipline in effect made the redistribution of property much easier. Similarly, the Russian authorities in 1996 freed the National Sports Federation and the Russian Orthodox Church from the obligation to pay taxes and excise duty on imports of alcohol and cigarettes; this cost the Russian budget trillions of roubles but enriched the officials who had lobbied for the measures. It is important to note that the practices in question had nothing to do with smuggling, but everything to do with the award of legal privileges to import.

Thus, the law creates the framework for informal practices. ‘To build a scheme’ (*postroit’ skhemu*) is a popular expression used by business people to denote a clever combination of law-abiding actions serving as a façade to hide informal arrangements between participants in the ‘scheme’. A kickback is, for example, seen as an informal reward for someone who facilitates a deal, a procurement contract or success in an open tender. In response to such realities, the nineteenth-century historian Nikolai Karamzin’s laconic description of the workings of the Russian government – ‘*Voruyut*, ‘They steal’ – has today been adapted to ‘They steal in full compliance with the law’. Nowadays, state officials are seen as using the law instrumentally – for example, enforcing regulations in order to put pressure on business. The law has come to be evaluated in terms of its capacity to generate informal income (*vzlyatkoemkost’*).

It is not only big players who use formal rules in order to implement informal arrangements. There is no clear divide in the lives of ordinary people between the formal and the informal, between the informal and the corrupt. Moreover, the formal position guarantees access to certain resources while the informal norm puts pressure on the gatekeeper to engage in informal practices. For example, teachers provide private lessons and tutoring (*repetitorstvo*); workers perform individual orders, often during working hours and using company equipment (*kalym, shabashka*); police officers provide protection for businesses and secure the interests of private clients (*krysha*); journalists publish prepaid materials (*dzhinsa*)

aimed at reputational attacks (*chernukha*); security officials collect compromising materials (*kompromat*) to be used as a bargaining tool to secure the compliance of political rivals or business competitors. People assemble a 'portfolio' of informal earnings that not only complements their formal income, but is in a sense inseparable from it (Zaslavskaya and Shabanova 2002). This is because their formal employment serves as a source of informal earnings and of clientele, and as the basis of their reputation and evidence of their professionalism. Motives of engagement are perceived as material and personal, but societal forces are also at play.

Even though they are declared to be subversive and are targeted by the authorities, informal practices support the working of formal institutions and legal frameworks, acting as bridges between formal rules and realities. Under the USSR's ideological ban on profit-making, on the one hand, and the shortages resulting from the defects of the centrally planned economy, on the other, a whole gallery of social images emerged, ideologically censured but functionally necessary: illegal producers of goods for the population (*tsekhoviki*); black market dealers reselling goods in short supply at a higher price than in the state system of trade (*spekulyanty*); illegal currency-dealers challenging the state monopoly on foreign exchange transactions; bootleggers engaged in the clandestine manufacture of alcoholic beverages. These 'enemies' of the Soviet system provided the regime with an invaluable service: they reduced the deficit, cut inflation and expanded consumer choice.

Meanwhile, the failures of state doctrine forced the Soviet population to satisfy their material and cultural needs through informal channels. In the late 1940s, for example, popular enthusiasm for jazz spurred the use of X-ray images for music recording (*roentgenizdat* or 'music on the bones'). In the 1960s, demand for original songs and rock music led to the spread of informal recording studios (*magnitizdat*). While supposedly 'alien' to the Soviet regime, these practices provided the population with certain liberties and limited freedom of choice, coexisting, albeit uneasily, with the regime's ideological constraints. In this sense, the Soviet regime parasitised on informal practices that it suppressed but also tolerated, since it would not have been able to claim legitimacy without them. As Charles Tilly put it, *blat* practices explained the paradox of the Soviet system: how both people and regime survived under a set of impossible constraints (private communication 2007). The importance of ambivalence – being both subversive and supportive of the regime – can also be observed in post-Soviet Russia.

A striking example of the functional ambivalence of informal practices is offered by the *racketeering* that, while criminal, played a key role in

enabling Russia's post-Communist transition. The weakness of the state when it launched radical economic reforms in the early 1990s meant that it was unable to establish an effective system of property rights and contract enforcement. 'Violent entrepreneurs' or bandits took matters into their own hands, challenging the state's supposed monopoly on violence and, by so doing, enabled the development of the market (Volkov 2002). While this undoubtedly determined the model of the market that was adopted in Russia, at the same time it made the market possible.

Informal practices are both accommodating and resistant to change. On the one hand, they adapt to change and serve to soften external constraints. On the other, they are grounded in informal norms and channel peer pressure within social circles. Thus, the survival of peasant communities under the harsh constraints of Tsarist Russia was enabled by the barter-based system of mutual help (*pomochi*). The urbanisation and monetisation of the economy in the twentieth century rendered *pomochi* somewhat redundant; they did not, however, transform the pattern of mutual help in communities, which merely evolved and adapted to new conditions (*vzaimozachyoty*). During the Soviet period, mutual help became widespread in *blat* networks, within which 'favours of access' to goods and services were circulated.

The post-Soviet reforms of the 1990s brought in an abundance of goods and services and reduced people's dependence on *blat* for consumption. Even so, the pattern of mutual help continues to play an essential role in social networks, now maintained by reciprocal exchanges of gifts and intergenerational transfers to enable the redistribution of resources within a social network. A special case of generalised reciprocity is *obshchak*, a common fund for mutual support among members of a criminal community. Despite – or perhaps because of – the diversity of these informal practices, the pattern of mutual help and dependence remains embedded in social solidarity, the need for which increases as conditions grow more severe. This focus on the severity of constraints is part of the association of informality with poverty, or development, yet making this explicit leads to the conclusion that severe constraints can be found in certain settings in all societies – in the armed services, prisons, state security agencies, criminal gangs and youth subcultures, schools and corporate settings – regardless of the level of poverty and development.

The notion of legal corruption is accordingly as relevant for developing countries as for developed ones (Kaufmann and Vicente 2011). The blurred boundaries defining where informality stops and corruption begins are not always easily grasped by such dichotomies as legal/illegal, public/private or ethical/unethical. This is especially true in the context

of systemic corruption, where the pressure ‘to do as the Romans do’ is routine (see Persson et al. 2013; Bauhr 2012 on corruption as a collective action problem).

Subcultures and social stratification constitute important dimensions of informality in all countries but, again, it is essential to relate these to political rigidity. Practices of self-expression, or non-conformism, tend to oppose the official state rhetoric and mainstream behaviour, pointing to rising needs and trends in society. Thus, the USSR’s *stilyagi* – the ‘stylishly dressed dudes’ of the 1960s – challenged the myth of a monolithic ‘Soviet people’ and stood instead for the increasing demand for Westernisation and consumerism. In post-Soviet Russia sullen, sports-gear-wearing youths (*normalnye patsany*) enforce the masculine order in working-class neighbourhoods, embodying the cult of force and denial of Western ‘tolerance’. And even the shocking *padonki*, calling to ignore Russian grammar in cyberspace, represent a poor and absurdist, often offensive, linguistic self-expression indicative of protest against the establishment and educational elitism. As narrow subcultural groups, these informal practices are the ultimate expression of the maturing of mass sentiment.

The role of the state in shaping informal practices, in all their diversity, is conceptualised in political science according to types of formal/informal interactions: Helmke and Levitsky (2004) speak of complementary, accommodating, competing or substitutive; Barsukova (2004) adds symbiosis (whereby formal and informal institutions are mutually exploitative). It is the last type, the symbiosis of the formal and informal, that is especially relevant to understanding the systemic nature of the relationship between informality and corruption, and not exclusively in Russia. Given the scale of symbiotic co-dependence (and sometimes role-reversal) between ‘formality’ and ‘informality’ that is depicted in the Russian entries in this volume, we tend to agree with those scholars of urban studies and planning theory who question the analytical usefulness of the binary categories ‘formal’ and ‘informal’ (Guha-Khasnabis et al. 2006; Roy 2011: 224, 233).

National surveys have been shown by scholars of regional corruption to be misleading (Rothstein et al. 2013). Moreover, experiments by behavioural economists have found no country variation. Tests of people’s predisposition to game the system by lying point to the key importance of the context (not necessarily the same as the ‘country’), peer pressure and what has come to be called ‘quantitative morality’, whereby people cheat but within limits and as appropriate, so that they can preserve their positive self-image (Mazar et al. 2008).

Scientifically speaking, the norms of bending the rules are defined much more by social circle and context than by geographical borders. However, accepting this without caveats would be just as misleading as believing socially construed stereotypes, such as ‘Russia is a kleptocracy’ or ‘Switzerland’s informal norm is to follow the formal rule’. Thus, the answer to the question of whether some countries are more informal than others is ‘No, but yes’. As many entries in this volume show, focusing on the ambivalence of the actual constraints that shape informal practices – residing in the grey zones between ‘no’ and ‘yes’, sociability and instrumentality, ‘us’ and ‘them’, need and greed, carrots and sticks – may be a more promising way forward in handling complexity. In this sense, every country is an interesting case to research.

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