Informality Reviewed: Everyday Experiences and the Study of Transformational Processes in Central Asia and the Caucasus

Roland Hardenberg
Institute of Ethnology
Goethe University Frankfurt am Main
hardenberg@em.uni-frankfurt.de

Susanne Fehlings
Institute of Ethnology
Goethe University Frankfurt am Main
fehlings@em.uni-frankfurt.de

16 December 2016

Working Paper No. 2

Working Paper Series on Informal Markets and Trade
ISSN: 2510-2826
urn:nbn:de:hebis:30:3-415178
Informality Reviewed: Everyday Experiences and the Study of Transformational Processes in Central Asia and the Caucasus

Introduction

A famous introduction to social and cultural anthropology by Thomas Hylland Eriksen (2001) carries the suggestive title *Small Places, Large Issues*. With this title the author wants to capture the essence of a particular methodological approach that lies at the heart of his subject: long-term fieldwork in small neighborhoods, hamlets, or villages. During this extended research period anthropologists often develop intimate relationships with their interlocutors but normally only with a rather limited number of people. Yet anthropologists claim that their findings are of larger relevance. Eriksen’s main point is that data gathered by anthropologists in small localities may give us important insights into general aspects of the human condition. However, from our point of view the whole approach can also be turned upside down: we may study a large region such as Central Asia and the Caucasus through the comparison of small issues.

What do we mean? Let us begin with an example. Recent literature on transformational processes in the Caucasus and Central Asia often stresses the decline and even collapse of the social welfare system in all the former Soviet republics (Polese et al. 2014). Statistics confirm that the amount of money invested by states in hospitals and public health does not meet the needs of the people, and anthropologists can confirm that older people in particular often express nostalgic feelings about the welfare system in Soviet times. Yet this focus on the decline of regulation and financial support in the health sector captures only one side of the coin. The other side can be experienced in every hospital throughout the region: informal practices, which often escape statistics and seem to be too trivial to be reported in scientific reports about “the problems” of the health sector. For example, some years ago when living in a Kyrgyz village for almost a year, Roland Hardenberg witnessed the day when the wife of his Kyrgyz friend gave birth to a son in a local hospital. Instead of going to the mother and spending time with her and the newborn — something most Germans would have considered “normal” — the father hastily left the hospital and drove around in the anthropologist’s car, picking up his closest relatives and buying vodka, fried chicken, bread, and a variety of sweets from the local shops. Once the father returned to the hospital, the relatives prepared tea, spread out all the food on a table in the examination room, and started to hold a feast with toasts for the wellbeing of the son, the family members, and the nurses. This was only the first of many celebrations that followed in the months after the birth of the first child. Similarly, Susanne Fehlings witnessed in Armenia how after a road accident the person who was responsible for the mishap prepared a large feast for the whole family of the young boy injured in the car crash. In addition to the official medical treatment inside the hospital, this informal gathering outside...
the clinic was meant to support the healing process and to show respect for the relatives’ feelings.

Such informal practices can be assumed to be very widespread throughout the whole region, yet probably also differ fundamentally from place to place within the region, basically for two reasons: first, because the formal, bureaucratic institutions, in this case the hospitals, vary from place to place, and second, because the concrete informal practices are shaped by specific cultural ideas and expectations. While there are many general works on the “problems” and “challenges” of the health sector in post-Soviet states, there are only a few comparative works on such everyday informal practices in bureaucratically organized post-Soviet health institutions (Polese 2014), none of them concerned with Central Asia or the Caucasus. Why should such a study be important? Our thesis is that transformation occurs in such places, where formal and informal regulations meet and create something new and even unique. These places may be state institutions, marketplaces, boundary zones, or anywhere else where different forms of regulation intersect. Seen in this way, transformation is not only an outcome but an activity in itself.

**Transformation Studies: Central Asia and the Caucasus**

Our approach builds on recent trends in the study of transformation and informality in the social sciences. Following the collapse of the Soviet system, the so-called normative approach to transformation became very widespread and raised teleological expectations. The dominant discourse used the image of the triple transition: from a command economy to the free market; from oppressive to democratic regimes; and from statist to civil society. This triple transition was the aspired-to and expected goal, but many studies describe the region’s transformation in entirely negative terms. In the Caucasus and Central Asia, the World Bank sponsored research on poverty (Dudwick et al. 2003) during a period that in Armenia, for example, has often been referred to as the “Dark Years” (Platz 2000). Writing about Central Asia, Daniel Maselli and Nazgulmira Arynova (2010: 212) similarly characterize the situation after independence in terms of a “political vacuum,” “era of total decline,” “struggle for mere survival,” and “shock.” Outhwaite and Ray (2005: 3) call this discourse the “telos of postcommunist transition,” often accompanied by what they term the hope for “the end of difference,” i.e., a return to Europe and “normality.”

As Bernd Steinmann (2011) argues, such teleological approaches formulated in advance of events have turned out to be unsatisfactory, as things have developed in multiple ways. Most authors seem to agree now that transformation has led to increasing “uncertainties” in the fields of politics, economy, and law. In a more positive light, it could also be argued that the open-ended and hybrid character of ongoing developments allows people to deal with these challenges in their own way. In more recent years, the focus of transformation studies has therefore shifted from describing transition to documenting everyday life experiences in the post-socialist world. Anthropologists and sociologists have played a key role in developing this
new approach. Using ethnographic field research in the Caucasus and Central Asia, European and Asian social scientists have produced joint volumes on what it means to live in a post-communist state, for example *Markets and Moralities* (2002) edited by Mandel and Humphrey, *Postsocialism* (2002) edited by Hann, and *Ethnographies of the State in Central Asia* (forthcoming) edited by Reeves and others. A common feature of these works is that they go beyond stereotypical characterizations and ask how people think about and experience economic relations, political organizations, or state institutions. Instead of applying standard models of regime change to the region, the authors view the post-socialist state as an interesting object for studying state formation, i.e., “how it [i.e., the state] comes into being and into action in the modern era (Grzymala-Busse & Luong 2002: 530).

Current approaches also differ from the earlier “transitology” in terms of the importance they give to differences, both within a particular state and between the various members of the post-socialist world. Making sense of such variations requires a knowledge of micro-processes, as Grzymala-Busse and Luong argue: “Scholars have sought to explain the variation in political, economic, and social change, for example, in terms of macro-structural conditions such as the level of economic development, geopolitics, and even the degree of ‘stateness,’ but have not focused on the micro-causal processes that underlie these transitions” (2002: 530).

The fields of transformation in Central Asia and the Caucasus studied by social scientists are manifold. One important area of investigation has been nomadism or mobile pastoralism, for example in Humphrey and Sneath’s book *The End of Nomadism?* (2002) and Hermann Kreutzmann’s recently edited volume on *Pastoral Practices in High Asia* (2012). Some key questions in these works are these: What were the local effects of Soviet command policies in various regions? How can mobile pastoralism be made sustainable? How are pastoral practices changing in times of transition? Another related field of inquiry is the transformation of collective farms during the period of privatization and the challenges faced by peasants after the collapse of the Soviet system of allocation and distribution. Such issues have, for example, been studied by Yalcin-Heckmann (2010) in the context of private property and agrarian reforms in Azerbaijan, by Rasanayagam (2011), Kandiyoti (2003), and Trevisani (2007) in the context of rural developments in Uzbekistan, and by Jacquesson (2013) in the context of Kyrgyzstan.

Economists and political scientists writing about the region often concentrate on macro-processes such as the introduction of capitalism or democracy. Examples of this kind of work are Anders Aslund’s book *How Capitalism Was Built: The Transformation of Central and Eastern Europe, Russia, and Central Asia* (2007) and Andrea Berg’s and Anna Kreikemeyer’s edited volume *Realities of Transformation: Democratization Policies in Central Asia Revisited* (2006). What is sometimes missing in these accounts is an explicit concern with the relations between the various processes of change. There seems to be a tendency to specialize in one field of inquiry at the expense of what anthropologists call a holistic approach, i.e., a focus on the interrelationships between these various realms of transformation. Instead of dealing with economics, politics, law, and society separately, it could be very fruitful to concentrate on
developments crosscutting our academic fields of knowledge. It seems to us that one way to achieve this is to develop a deeper concern with informal practices. Why? In our view, informal forms of regulation escape easy classification. While the formal rules of a bureaucratic organization apply to specified areas, informal practices normally break down such clearly demarcated boundaries. As Susanne Fehlings (2014) shows in her work on the building boom in Yerevan, they may connect an administrative office with kinship obligations, economic wealth with political decisions, public realms with private interests, or state regulations with ethnic concerns. To give another example, trade activity, which is usually studied in economic terms, can be taken as a field of such intersections. Trade and marketplaces are embedded in socio-cultural settings. Traders and consumers, as well as officials, make decisions because of specific motivations, grounded in, for example, (social) values and (religious) ideas shared by their communities. Traders operate within political and economic frameworks but at the same time use informal networks (connecting them to officials and others) and strategies (like mobility) to run their businesses. The marketplace reflects these complex interrelations and might therefore be defined as a *fait social total*, one which can be approached from the perspective of informality.

**Informalilty: Approaches to Central Asia and the Caucasus**

The exact phenomena studied under the label of “informality” extend across a wide spectrum. A number of studies deal with what has been called the informal economy, second economy, informal sector, shadow economy, or even underground economy of the region (e.g., Abdih & Medina 2013; Kaiser 1997; Morris & Polese 2014; Polese & Rodgers 2011; Rasanayagam 2011; Seabright 2000).

As is well known, the term “informality” was coined by the anthropologist Keith Hart in the 1970s in order to characterize the unregulated work and income opportunities he had encountered among migrants in the urban areas of Southern Ghana (Hart 1973). It was usually expected that such informal economies would remain a typical urban phenomenon, prove to be unproductive, and therefore be rather transient. Such assumptions are now widely contested on the basis of data showing that the informal sector has grown considerably in developing countries, can achieve high productivity, occurs in rural as well as urban contexts, and appears to be a more persistent phenomenon than expected (e.g., Blunch, Canagarajah & Raju 2001; Chen 2007; Hart 2005).

In the field of politics a number of studies have been conducted on the role of kinship and personal ties in politics and governance. Most famous are perhaps the studies by Kathleen Collins (2006) and Edward Schatz (2004) on what has been termed clan politics, clan hegemony, or an informal regime. The *Caucasus Analytical Digest* devoted its entire fiftieth issue, published in May 2013, to the topic of “Informal Relations in Everyday Life” and publishes papers on informal kinship networks. These themes are related to research on corruption, blat, clientelism, mafia activities, and the consequences of these phenomena for
economic and political stability, for example in the work of Christoph Stefes (2006). To these debates anthropologists add their insights into everyday life in state institutions, for example in schools (DeYoung, Reeves & Valayeva 2006; Niyozov & Shamatov 2006), in courts (Voell & Kaliszewska 2015), at border posts (Reeves 2014), or in bazaars and marketplaces, which operate with the support or the tacit approval of state organs (Fehlings & Karrar 2016). A growing field of research for specialists of the region has been so-called informal Islam, i.e., either practices that are not officially recognized as true Islam (Louw 2007; Kehl-Bodrogi 2008; Schindlbeck 2005) or the activities of often prohibited Islamic groups or parties (Khalid 2007).

But what exactly do “formal” and “informal” mean? In the social sciences we can basically identify two meanings, depending on the context in which these antonyms are applied. When referring to social interaction, the term “formal” usually describes patterned, stylized, standardized, and repetitive behavior, while the specification “informal” identifies spontaneous, emotional, unique, or unpredictable action. In the context of organizations or institutional frameworks, the opposition between “formal” and “informal” is more often used to mark the difference between bureaucratic or state regulations on the one hand and personal, traditional, or social norms on the other. Most of the works cited above use the terms “formal” and “informal” in this second meaning. However, there seems to be significant disagreement concerning two points: first, the exact definition of “formal” and “informal” institutions, and second, the assessment of these institutions.

Helmke and Levitsky (2004) criticize the widespread ideas that formal institutions are necessarily bound to the state and that informality can be equated with illegality. They argue that many non-state organizations have very formal regulations, just as, conversely, state institutions often use informal practices to streamline their procedures. To escape this dilemma, they define informal institutions as socially shared rules that are “created, communicated, and enforced outside of officially sanctioned channels” and formal institutions as “rules and procedures that are created, communicated, and enforced through channels widely accepted as official” (2004: 727). The interesting expression here is “widely accepted,” because it implies that in the end any definition of what is formal/informal or official/unofficial has to take into account the discourses encountered when conducting empirical field studies.

Helmke and Levitsky further argue that informality is not something that is against the rules by definition, for instance the misuse of official power or non-institutional actions. For them, any informal institution is based on a set of shared norms or a set of rules. This approach is not uncommon in the literature on Central Asia and the Caucasus. For example, Hasan Karrar in his paper on informal trade in China and Central Asia writes, “I define informal trade as licit economic activity evading state regulatory frameworks” (2013: 461). However, this argument raises the question of who determines what is licit or illicit. If we define legality as based on a set of shared rules, the question of whether an activity is licit or not will be difficult to answer, as we often encounter a multiplicity of coexisting, partly compatible, partly contradictory norms, a situation that anthropologists have described as “legal pluralism.”
Assessment of Informal Institutions

In the literature on informality, we can basically identify two types of assessments (Helmke & Levitsky 2004: 728). One side argues that informality has negative effects and interferes with attempts to introduce political or economic reforms. The other side highlights the positive impact of informal institutions (e.g., Matthews, Ribero & Alba 2012), arguing that they ease decision-making and streamline coordination in bureaucracies. We all know how informal discussions over a cup of tea may accelerate decision-making on the more formal level. A more refined view has been developed by several authors, such as Helmke and Levitsky (2004) and Hart (2005), who distinguish different kinds of relations between formal and informal institutions. Hart argues that informal institutions may complement formal ones when they have their own field of application, may provide concrete content to formal regulations, may negate them, or may appear as a kind of residue, i.e., not interesting to the state (Hart 2005: 11).

A particularly interesting concept for characterizing the relationship between formal and informal institutions in Central Asia has recently been put forward by Deniz Kandiyoti (2003) and Johan Rasanyagam (2011). Both talk about “informalization,” a concept originally developed by Castells and Portes (1989). In economics, “informalization” refers to a process that also occurs in wealthy economies and is characterized by an increasing share of informal work in the labor market, for example through the rise of labor migrants or unskilled laborers. This may lead to flexibilization of the market at the expense of forms of security normally guaranteed by formal economies, such as job stability or fixed wages (Blunch, Canagarajah & Raju 2001: 4). Kandiyoti and Rasanyagam, who both studied social relations in Uzbekistan, use the term slightly differently. The important point for them is that the formal structures themselves provide the framework within which informal activities develop. This argument was put forward earlier, for example by Saskia Sassens (2001: 290), who observed that state regulations can increase the amount of informal production because official taxes, fees, and all sorts of restrictions make formal production difficult and expensive. For Kandiyoti, however, the whole distinction between formal and informal economies is difficult to uphold: “‘informalization’ is now built into the structure of employment in formal enterprises. Women getting paid in kind (such as receiving towels, eggs or chickens) means that wages have to go through the medium of informal trade or interaction with wholesalers to take the form of cash. Thus any distinction that may have existed between salaried employment and the second economy has now dissolved” (2003: 264). Rasanyagam goes even further and claims that the state itself has become an informal institution or even a kind of mafia, which allows and also promotes all sorts of informal activities (2011: 690). His definition of informality, like the definitions applied by Iskandaryan (2014) and Antonyan (2016) to Armenian and Georgian state elites, includes the illicit. For instance, Rasanyagam tells the story of a gas inspector who only authorizes the operation of two gas-fired cauldrons, instead of the four needed, so that he can collect bribes to ignore the operation of the other two (2011: 684).
We draw the following conclusion from these debates. It seems difficult to find an absolute standpoint from which to define the contrast between “formal” and “informal.” Any discussion of these terms has to take into account empirical data, in particular the meanings expressed in discourses as well as the concrete practices encountered in the post-socialist world. What we need are detailed descriptions of what people do and how their activities are evaluated by different actors. Moreover, as both sides of the coin, the formal and the informal, define each other, we have to cover the whole field stretching from state regulations to socially shared rules. Again, it will be a matter of open-ended empirical research to identify the relations between formal and informal institutions in the region we study.

**Prospects: Bureaucratic institutions, everyday lives, and marketplaces in post-Soviet states**

Some years ago, Akhil Gupta (1995) initiated critical research on bureaucracies based on public discourses and newspapers in northern India. He studied how different sectors of society imagine and construct the state in public discourses about corruption and accountability. In his more recent work, Gupta (2012) draws on ethnographic research among development officials to discuss the expansion of bureaucracies, structural violence, and poverty in India. For Central Asia and the Caucasus, research on bureaucratic institutions has just begun. One recent example is a collection of case studies on schools and schooling provided by DeYoung, Reeves, and Valyayeva in their book *Surviving the Transition?* (2006). The authors of this volume treat school not as a problem but as a dynamic realm of culturally shaped interaction. Their case studies provide examples of what actually happens in these schools, thereby allowing insights into the convergence of formal and informal structures. Similar case studies could be observed and recorded in many other institutions, such as universities, churches or mosques, village or city administrations, government offices, official markets, development agencies, state industries, etc.

Recent works on the nature of the state in South and Central Asia and the Caucasus often contend that it is difficult to distinguish the state from society in this region (Fuller & Harriss 2001; Luong 2004; Fehlings 2015). The question, however, is how exactly this relationship between state and society can be characterized in the different post-Soviet countries we are studying. Is it one of intimacy or rivalry? How large is the space given to society to organize itself? In which fields or contexts can society unfold its informal regulations and activities?

Starting from this assumption of blurred boundaries between state bureaucracies and society, we can expect that an analysis of state transformations will provide us with a better understanding of informal institutions or practices and vice versa. The project “Informal Markets and Trade in Central Asia and the Caucasus,” for example, studies the activities of local traders and entrepreneurs as practices that are embedded in the complex processes of such transformations. Transformations of law and the resulting changes in the legal status of traders and marketplaces, for example, cause people to retreat to informal practices and/or to adapt to
new “formal” frameworks. Again, the encounters between state officials and traders, the socio-cultural context, and the concrete activities and interrelations have to be considered. Let us give an example: When street vending was restricted in Georgia in 2006, vendors looked for expedients and tried to take refuge in hidden locations (Khutsishvili 2012; Rekhviashvili 2015). A legal alternative was to collect money (through informal networks) to pay for an “official” and registered space in one of the “official marketplaces.” However, many street vendors were not in a position to obtain such a space. Interestingly, street vending did not disappear as a result. On the contrary, because “everyone knew” that street vendors, who are generally among the poor, have no way to make a living other than working on the street, many people supported them for moral reasons, and even policemen turned a blind eye to their activity in public space. Finally, these informal practices were officially recognized by the state, resulting in the change and softening of regulations in favor of street vending.

Starting from this example, we can also argue that a focus on informal activities gives us insights into the transformation of official institutions. Another interesting example of this approach is Hasan Karrar’s study of informal trade in the region. He writes, “I contest the state-generated imaginary of the New Silk Road and the Eurasian Continental Bridge by bringing to the center of my inquiry commercial activities that are considered peripheral by state narratives: itinerant trading and informal trade. It is this informal component of Xinjiang’s border trade that makes today’s inter-Asian trade unique and which provides an insightful window into state structures and the negotiation of those structures following the cold war” (2013: 461). In other words, a focus on informalization may also provide us with counter-narratives, non-official experiences of change, and views from below.

**Conclusion**

A focus on informality/informalization thus runs counter to all teleological expectations and to a one-sided focus on change, which often accompanies studies of transition and transformation. Taking into account the impact of informal, often heavily localized and culturally shaped institutions on formal bureaucratic structures helps us to understand the many regional differences we encounter in the Caucasus and Central Asia. As the boundaries between “formality” and “informality,” as mentioned above, are closely related to each other and often difficult to distinguish, we have to plunge into empirical data, detailed descriptions, and ambivalent assessments of practices, relations, and behaviors to get a deeper understanding of transformational processes and their embeddedness. A holistic approach might help us to recognize long-term developments, but also constants. Studies are often biased toward processes of change if they concentrate only on conscious reforms or new legislation intended to transform official institutions and practices. The question is whether the informal realm experiences the same heavy pressure towards transformation as the formal one. We doubt this and argue that a focus on informality may help us to grasp continuities, for example of shared ideas and values.
References


