Yakubovich, Valery

**Article**

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# Economic Sociology in Russia

by

Valery Yakubovich
Stanford University
and
the Institute for Comparative Labor Relations Research (ISITO), Russia
valery@stanford.edu

and

Sveta Yaroshenko
The Institute for Social and Economic Problems of the North
Russian Academy of Sciences
and
Stanford University
sveta@stanford.edu

The origins of Economic Sociology in Russia can be traced back to the 1960s-70s when Russian sociologists actively explored economic themes within the fields of industrial sociology and sociology of labor and economists routinely involved sociological arguments in their research. Nobody thought about a distinctive identity as economic sociologists until the early 1980s. At that time, sociologists from the Novosibirsk Institute for Economics and Organization of Industrial Production faced the issue while searching for the title for a new undergraduate course. They articulated the subject matter and drew the boundaries of the discipline as well as named it, apparently, independently of Western colleagues (Zaslavskaya and Kalugina 1999). Thus, the formation of the field, which we refer to below as Old Economic Sociology, preceded the collapse of state socialism by a decade. However, it was only on the wave of the social and economic upheavals of the early 1990s that the development of Economic Sociology went beyond the establishment of relatively isolated regional and local research centers. New academic departments, textbooks, courses, degrees, and conferences entitled Economic Sociology mushroomed across the country. These organizational processes parallel substantial changes in the content of the discipline which receives crucial input from its Western counterpart and, to a lesser degree, from the rich inheritance of the pre-revolutionary Russian sociology. To analytically distinguish the new intellectual trend, we call it New Economic Sociology. In practice, the old and new traditions are closely intertwined and are often pursued by the same scholars. We see their interaction and the resulting change as a path dependent re-institutionalization of Economic Sociology in Russia shaped by the theoretical and empirical opportunities and challenges of the uncertain Russian transition from state socialism to market and by the increasing openness of the Russian sociological community to the world.

In this essay, we highlight the basic intellectual trends emerging from the processes mentioned above. Because the topic is broad, space is limited, and the boundaries of our discipline, particularly its Russian version, are still emerging, our review will unavoidably be subjective and incomplete.

**The Evolution of Old Economic Sociology**

The fact that the new field was set up within the Novosibirsk Institute for Economics and Organization of Industrial Production, an economic institution, highlights the trend revealed in the early 60s. Thoughtful economists saw the gaping difference between the Marxist-Leninist theory of socialism, with its picture of dynamic economic development on the basis of state property and central planning, and the reality they saw around them in which plans often remained on paper, technological innovation chronically failed, and state property was subverted for personal gain. These observations switched their attention to ordinary economic agents who stubbornly refused to behave as submissive cogs in the state machine. Zaslavskaya and her colleagues concluded that a person's structural position in the process of production and cultural traits influence her economic behavior. Therefore, social stratification and economic culture should be the primary focus of analysis in Economic Sociology (Zaslavskaya and Ryvkina 1991). Differences in economic behavior can be explained by the differentiation of actors according to economic branch, region, gender, age, ethnicity, family status, education and qualification, work experience etc. Unlike its Western counterpart, Russian Economic Sociology initially was more positional rather than relational, and focused primarily on the micro- and meso- levels of analysis largely avoiding the scrutiny of the economic role of societal institutions such as the Communist Party and socialist state.

This research tradition did not disappear in the 1990s; analysis of individuals and groups as both subjects and objects of the socio-economic reforms still relies heavily on the conceptual and methodological tools and vocabulary of the early Novosibirsk school. In this fashion, Ryvkina (1998) attempts to identify concrete economic agents whose joint actions led to the most famous chronic failures of the Russian reforms such as wage arrears, falling living standards, and criminalization of the economy and society. Her explanation refers to the corruption of the political structure which acted in the interests of various cliques rather than society as a whole. More generally, the author believes that the Soviet and Post-Soviet political elites did not have skills and intellectual resources to creatively embed new economic policies into the historically formed cultural environment of Russian society. In a substantial departure from tradition, Ryvkina scrutinizes the economic role of the Russian state and concludes that it is primarily responsible for the failure of the market reforms.

Bessonova (1997) suggests that this failure itself should be considered from a historical perspective. She argues that the Russian economy has been a distributive (*razdatochnaya*) economy over the course of its eleven centuries history. Such an economy is defined by following criteria: (1) property is granted under the condition of certain obligatory services and can be confiscated by the principal if the rules of its use are violated or the services are unsatisfactory; (2) material resources necessary for rendering services are delivered through insitutions of distribution (*rasdach*); (3) the accumulation of the public wealth takes place through institutions of delivery (*sdach*); (4) a system of administrative complaints represents a feedback mechanism which transmits the reaction of servants to the patron; and (5) a system of governance and financial institutions coordinate delivery and distribution.

The institutional concept presented here resembles closely Polanyi's (1957) notion of redistributive economy. The only difference is the primacy of distribution vis-a-vis delivery in Bessonova's argument; Polanyi treats these two sides of the redistributive mechanism as equally important. It is interesting to note that the treatment of the Russian economic organization as stable over centuries runs against Szelenyi's (1978) reformulation of Polanyi's argument which distinguishes between traditional redistribution in feudal societies and rational redistrtibution under state socialism.

**The Emergence of New Economic Sociology**

Two schools of thought, the new institutionalism of Coase, North, and Williamson and the embeddedness approach of Granovetter, Polanyi, and White, dominate the intellectual scene of New Economic Sociology in Russia. Vadim Radaev is particularly vocal in promoting these and other key ideas of Western Economic Sociology in his teaching, research, and writing. His research on stratification, entrepreneurship, household and informal economies addresses the most crucial aspects of the Russian economic reality from a multi-theoretical perspective. The new institutionalism provides a framework for the problems of high transaction costs and low contractual discipline which are indeed salient during the Russian transition. The embeddedness approach highlights the deeply-rooted informality and personification of economic relations in Russia.

Radaev's (1998) study of entrepreneurship debunks the myth of Russian business practices as completely unethical, corrupt, and coercive. He does find that the state is weak and ineffective in enforcing contractual discipline, which is why, it is always supplemented or substituted by informal mechanisms. However, such mechanisms are not necessarily violent and criminal; they also include stable business networks in which trust, reciprocity and loyalty play a pivotal role. The most fascinating issue for future research with broad policy implications is under what conditions one or the other type of horizontal mechanisms proliferates. As the first step in this direction, one would like to know the size and density of networks which nurture trust and reciprocity.

The authors of this essay had an opportunity to explore similar issues in empirical research on labor markets and poverty. A number of studies convincingly shows that the role of personal contacts in the Russian labor market does not diminish but increases in comparison with the pre-reform period (Clarke 1999, Gimpelson and Magun 1994, Kozina 1997). A more detailed survey of the labor market in one Russian city suggests that hiring often takes place within small and dense networks which, on one hand, limit the scope of job opportunities and, on the other, transform hiring into the reciprocal exchange of favors. One can argue that the logic of reciprocity supercedes the logic of exchange (Yakubovich 2000).

The phenomenon of poverty presents a good illustration of the dramatic simultaneous failures of many institutional mechanisms. Traditional Russian enterprises and organizations, where the majority of the population is still employed, pay minimal wages and even those are often delayed. The impoverished state cannot sustain even a minimalist welfare system and therefore provides support to a small group of households singled out according to their registered income which, as a rule, grossly underestimates their actual well-being. Thus, the criterion justifies assistance to households which are not worse-off than many of those left out. Finally, the most economically disadvantaged are involved in informal exchanges primarily with each other and therefore cannot improve their economic standing that way either (Yaroshenko 1998).

New Economic Sociology in Russia is still in its infancy. After years of insulation from the Western tradition which is difficult to overcome even now due to the language barrier, it is in a desperate need of good translations and interpretations of the best work by Western scholars. Books by Veselov (1995), Ilyin (2000), and in particular Radaev (1997) partly fill the gap, although much more still needs to be done. It is also crucial to quickly absorb the state-of-the-art research methods. We do not mean that these methods are perfect and that no improvements and breakthroughs are possible. However, it is very unlikely that they can be

made from scratch without learning from the body of knowledge and skills already accumulated. In this regard, one can particularly appreciate an effort of American sociologist Michael Swafford and his Russian colleagues Polina Kozireva and Mikhail Kosolapov. This team carefully designed and has been carrying out for almost ten years the Russian Longitudinal Monitoring Survey (RLMS) which is the only nationally representative multi-purpose study of the Russian population open to the whole scientific community. The project satisfies high standards of quantitative social studies and thereby helps establish them in Russia.

A very short period of free development partly explains the discipline's theoretical eclecticism, descriptiveness, and the polarization between the metaphorical and unconditional acceptance of Western approaches and their equally metaphorical and unconditional rejection and ignorance. In reality, our intellectual inheritance already contains the most fundamental propositions of Economic Sociology. In a book written in one of Stalin's prisons in 1930-32 and first published in 1991, world-renown economist Kondratyev discusses the Russian word *khozyaystvo* whose English analogue, according to him, does not exist. Kondratyev defines *khozyaystvo* as a system of relationships within a real group of people which emerges from and is reproduced by their activities directed toward the provision of the means to satisfy their needs (Kondratyev 1991:110-113) and designates it as the subject of economics. In the current Russian literature, the words *khozyaystvo* and *economy* are used interchangeably. On the contrary, Kondratyev's insight suggests that *khozyaystvo* captures Polanyi's substantive meaning of economic activities while *economy* refers to the formal one (cf. Polanyi 1957). Moreover, Kondratyev pointedly entitles the chapter where these ideas are presented *Society and Khozyaystvo*, thereby postulating the primacy of society in economic affairs, and insists on moving beyond the formal cost-benefit analysis of economic activities. Kondratyev's ideas, which anticipated some major developments in our discipline by a couple of decades, make us to believe that economic sociology in Russia has a potential to overcome initial difficulties and establish a mutually beneficial dialogue with its Western counterpart.

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