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# Rural Informal Economy in Post-Soviet Russia

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In the USSR, throughout almost its entire existence, it was forbidden to research the area of the informal economy. It was considered to be a remnant of the “petty bourgeois past” and its semi-legal activity. The significance of the informal economy for soviet society and, in particular, for rural Russia, was recognized mostly in the later years of perestroika, beginning in 1989. Both the adoption of the law on cooperation (1988), together with growing market relations managed to promote the rehabilitation, legitimization and, above all, the spread of certain phenomena of the informal economy, such as unregistered family employment, secondary employment, the widening of inter-familial exchanges and small cross-border trade.

## From the UK to Russia

A new research programme for studying the rural informal economy began with the article *Out-of-System Forms of the Economy* published by the British sociologist Teodor Shanin (Shanin, 1990). It presented a rationale for this kind of research.

Shanin also launched a long-term sociological British-Russian research project, named *The Social Structure of Russian countryside*. Thirty sociologists were involved, using the anthropological methods of long-term participant observation in 12 regions and 36 villages of the former USSR. The aim of that research was to study the real economy of rural Russia, applying the methods of quantitative and qualitative analysis. The main data was collected from the local rural statistics, peasants’ narratives and a detailed analysis of their family budgets. It was backed up by the long-term observations over the institutional structure of collective farms (kolkhozes and sovkhozes) and the functions of the local authorities in the villages. All in all, abundant and diverse empirical data confirmed the crucial role of the informal economy in the survival of the rural households in Russia (Krestianovedeniye, 1996).

In its second stage in the mid-1990s, Shanin’s research team, including Russian scholars Olga Fadeeva, Evgeny Kovalev, Alexander Nikulin, Ilya Shteinberg, Valery Vinogradsky and Olga Vinogradskaya looked for theoretical explanations for their findings. They produced a series of analytical typologies of rural family households and their informal relations with the collective farms, and analyzed the patron-client relationships between households and the local authorities of rural Russia. The results of these studies were summarized in the volume *The Informal Economy: Russia and the World* (Shanin, 1999).

In the third stage, the project *The Informal Economy of Urban and Rural Households: Restructuring of Interfamily Economic Networks* was carried out jointly by Teodor Shanin’s team of rural sociologists (Fadeeva, Nikulin, Vinogradsky, 2002) and Vadim Radaev’s team of economic sociologists (Barsukova, 2005). In the course of this study, the functions of those informal networks which facilitate the inter-familial mutual exchanges were explored in an urban-rural comparative perspective (Shteinberg, 2009).

In the fourth stage, research was internationalized when the Centre for Peasant Studies joined the large European research project *Kinships and Social Security* (KASS, 2005). One rural community and one urban district were chosen for anthropological research in each of the following eight European countries: Sweden, France, Germany, Austria, Italy, Slovenia, Poland, and Russia. Anthropologists and sociologists investigated kinship networks in the urban and rural environment of each country. One of the paradoxical results of this research was that in the Moscow district, the level of kinship solidarity turned out to be the lowest, in comparison with the urban districts of the other seven countries. At the same time, the Russian village demonstrated the highest scale and scope of kinship networks in comparison with seven villages in the other countries. Thus, regarding the structure of kinship networks, the distance between urban and rural areas was most significant in Russia.

## From the Centre for Peasant Studies to the Centre for Agrarian Studies

In 2009, the Centre for Peasant Studies was turned into the Centre for Agrarian Studies of the Russian Academy of Economy and Public Service, under the auspices of the President of the Russian Federation. This new centre continued the study of the rural informal economy (Nikulin, 2003). It focused on the increasing penetration of large Russian and global companies into the Russian agricultural sector. This large-scale invasion resulted in the replacement of the old-style *kolkhozes* and *sovkhozes* with new, larger agrarian corporations which came to be defined as 'oligar-khozes' (Nikulin, 2010). Mergers of the local authorities and businesses in the hoarding of land plots was accompanied by predatory raids which meant that corruption became the main subject of research for the Centre for Agrarian Studies (Krestianovedeniye, 2011).

## From St. Petersburg to Irkutsk

At the turn of the new millennium, the study of the rural informal economy began to be developed by some other regional research centres in Russia. The Centre for Independent Sociological Research in St.-Petersburg headed by Victor Voronkov, and the Irkutsk Centre for Independent Sociological Research and Education headed by Mikhail Rozhansky were two of the main centres involved with this study.

The Centre for Independent Sociological Research carried out more than 30 research projects on ethnicity and migration. The issues of rural informal economy were incorporated into the study of the economic activity of rural migrants and their diasporas in the urban areas of Russia. A number of important case studies on the informal economy of rural migrants and their diasporas in urban areas were presented.

The Irkutsk Centre for Independent Sociological Research and Education carried out a series of research projects including *Depressed villages: inherited poverty?* and *Rural communities in the Baikal region: the strategies of developing natural resources within the framework of the local government reform*. These projects revealed the significance of the informal economy for the survival of the rural households in Siberia.

Finally, in 2005, St-Petersburg and the Irkutsk Centres joined forces and carried out a joint project on the informal

economy in forestry. It described routine business practices of illegal wood cutting, the informal organization of enterprises in the forest industry, and the shadow channels of sales in Russia and China.

## The contribution of Western Scholars

Beside the remarkable contribution made by Teodor Shanin into the study of the rural informal economy, some other scholars further contributed to the study of the informal economy. The books of the American scholar James C. Scott such as *The Moral Economy of the Peasant*, *The Weapon of the Weak*, and *Seeing Like a State* (Scott, 1974, 1985, 1998) enjoyed immense popularity among the Russian researchers of the rural informal economy, though James Scott himself has never carried out any field studies in rural Russia.

Since the 1990s, a number of Western scholars have conducted long-term field studies of the rural informal ties in Russia. First of all, we ought to mention the works of British anthropologist Caroline Humphrey, especially her book *Marx Went Away – but Karl Stayed Behind* (Humphrey, 1998), in which she explores in detail the evolution of soviet and post-soviet informal ties, using the examples of the rural area in Buryatia (Eastern Siberia). The author came to the conclusion that despite partial transformations, informal practices and relationships in the post-soviet rural economy have proven to be very sustainable.

British rural geographer Judith Pallott and Russian geographer Tatiana Nefedova published an extremely interesting book named *Russia's Unknown Agriculture* (Nefedova, Pallot, 2007). It was based on the results of field studies devoted to the survival strategies of rural households, including activity in the informal economy. This study presents a detailed description of specific features of the informal rural economy.

Some original conclusions regarding the informal economy in rural areas were made by American anthropologist Nancy Rees in her article *Potato Ontology: Surviving Post-socialism in Russia* (Rees, 2009). The author revealed a stable composition of cultural and economic factors behind the networks of informal support in family production, distribution and consumption in Russia.

The extremely significant research carried out by German Peter Lindner ought not to be overlooked, a geographer

who studied the transformation of the *kolkhoz* economy of rural communities during the post-soviet period. The results of his research were summarized in the book *The Kolkhoz Archipelago* (Lindner, 2008). Combining new theoretical approaches of social geography and the results of various field studies in rural areas of Russia, Lindner demonstrated both the formal and informal mechanisms of disintegration of the soviet *kolkhoz* 'continent' into the dispersed post-soviet *kolkhoz* 'archipelago'.

A significant contribution to our understanding of the informal mechanisms of the sustainability of large collective farms in post-soviet Russia was made by Dutch anthropologist Oane Visser in his PhD dissertation *Crucial connections: the persistence of large-farms enterprises in Russia* (Visser, 2008). Using the data of various field studies of large agrarian farms carried out in Northern and Southern rural areas of Russia and comparing it with the data of official statistics, Visser revealed a constellation of factors, including informal relationships of trust in agrarian management, which backed up the activity of these large farming enterprises.

Finally, American political scientist Jessica Allina-Pisano carried out a comparative study of the informal foundations of agrarian reforms in Russia and Ukraine, which were illustrated in her book *The Post-Soviet Potemkin Village: Politics and Property Rights in the Black Earth* (Allina-Pisano, 2008). Confronting the outcomes of Russian and Ukrainian agrarian reforms, Pisano concludes that in spite of many formal judicial differences, both reforms are very similar with regard to the informal mechanisms of the privatization of soviet rural property.

A remarkable integration of Russian and Western research on the informal economy in Russia has been observed in recent years. The international conference *Contemporary Land-Grabbing: Russia and the World* which was arranged in Moscow in 2011 and a recent Helsinki seminar of sociologists from Scandinavia and Russia, devoted to the studies of rural Russia serve as prime examples of such cooperation.

## Economic Sociology and the rural informal economy

Many Russian and international scholars have been involved in the research of the rural informal economy in Russia over the last two decades. Some of their most important findings were integrated into the body of Russian

economic sociology by Vadim Radaev and Svetlana Barsukova, producing many influential textbooks (Radaev, 2005; Barsukova, 2009). The publication of the most important papers on informal economy in general, and on the rural informal economy in particular in the e-journal "*Economic Sociology*", created a fairly vivid picture of this developing field in the broader context of studies in economic sociology.

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