

# ECONOMIES OF FAVORS OR CORRUPT SOCIETIES?

by **Alena Ledeneva**

## Exploring the boundaries between informality and corruption

For years, I have been working on issues of informality. Yet these issues are often also branded as corruption. The research question whether the boundaries between the two can be drawn cannot be answered by means of definitions. Analytical distinctions prove useless in the face of practices embedded in particular sets of constraints, practical norms, and “moral economies”.<sup>1</sup> If I am asked to give a one-word clue to identify the missing piece in the puzzle of crossing boundaries between informality and corruption, I would say: ambivalence. In its sociological sense, ambivalence, according to the definition of Robert Merton, refers to incompatible normative expectations of attitudes, beliefs, and behavior. The incompatibility is assigned to a status and the social structures that generate the circumstances in which ambivalence is embedded.<sup>2</sup> The core type of sociological ambivalence puts contradictory demands upon the occupants of a status in a particular social relation. Since these norms cannot be simultaneously expressed in behavior, they come to be expressed in an oscillation of behaviors: of detachment and compassion, of discipline and permissiveness, of personal and impersonal treatment”.<sup>3</sup>

### The bi-polar definition of ambivalence

In the context of modernity, ambivalence is associated with fragmentation and failure of manageability. Zygmunt Bauman defines ambivalence as the possibility of assigning an object or an event to

more than one category and views it as a language-specific disorder. The main symptom of disorder is the acute discomfort we feel when we are unable to read the situation properly and to choose between alternative actions.<sup>4</sup> Bauman lists ambivalence among “the tropes of the ‘other’ of order: ambiguity, uncertainty, unpredictability, illogicality, irrationality, ambivalence, brought about by modernity with its desire to organize and to design”.<sup>5</sup> Ambivalence thus implies a form of disorder and negativity.

In my view, ambivalence can be singled out from Bauman’s list for its bi-polarity, oscillating duality (both order and disorder; both positivity and negativity), and relative clarity of the polar positions. It is a social counterpart of emotional ambivalence in psychology (love-hate) or materials with ambivalent qualities in physics (semiconductors). In other words, it is a situation of coexisting thesis and antithesis, without the possibility and certainty of their synthesis, yet without uncertainty as to what coexisting views, attitudes, and beliefs are. The latter qualification would not apply to ambivalence in psychoanalysis, where it is often associated with ambiguity. For the purposes of the following discussion of substantive, functional, and normative ambivalence, I distinguish the concept of ambivalence from ambiguity in the following ways:

- Ambivalence is bi-polar, not multi-polar as is the case with ambiguity.
- The poles (thesis and anti-thesis) are clearly defined.
- There is little uncertainty as to what coexisting views, attitudes,



and beliefs are. The uncertainty is created by the unpredictability of their actualization.

- The incompatibility of constituents of the ambivalence is different from duplicity, from the deliberate deceptiveness in behavior or speech, or from double-dealing.
- When molded by the clashing constraints, ambivalence can result in the capacity for doublethink (the illogical logic), dual functionality (functionality of the dysfunctional), and double standards (for us and for them).
- The ambivalence is best understood through the paradoxes it produces, such as the role of hackers in advancing cyber security, for example, and can be identified by looking into the open secrets of societies.<sup>6</sup>

## Blat

My interest in the theme of ambivalence originated in a study of *blat*; the use of personal networks for getting things done in Soviet Russia, or Russia's "economy of favors".<sup>7</sup> The latter referred not only to the circulation of favors – favors of access to the centrally distributed goods, services and privileges – but also to the sociability of *blat* channels, which friends and friends of friends routinely used for tackling shortages and problems. The pervasiveness of *blat* turned favors into an alternative currency of "mutual help and mutual understanding" needed for the functioning of the non-market economy, and embodied peoples' frustration with the non-consumerist ideology and political constraints of the centralized planning and distribution. On the individual level, favors delivered by friends, acquaintances, and friends of friends granted solutions to small-time problems. On a societal level, they represented a way out for the Soviet system that struggled to adhere to its own proclaimed principles. A discreet redistribution of resources within social networks – an implicit social contract, known as the "little deal" – became part of the solution.<sup>8</sup>

The contradictory nature of constraints, and informal practices needed to resolve them, are well reflected in the anecdote about six paradoxes of socialism:

- No unemployment but nobody works.
- Nobody works but productivity increases.
- Productivity increases but shops are empty.
- Shops are empty but fridges are full.
- Fridges are full but nobody is satisfied.
- Nobody is satisfied but all vote unanimously.

Each of these paradoxes hides a reference to an informal practice that helped the Soviet system to continue making its formal claims of superiority, yet also undermined the declared principles.

A Russian phrase "*nel'zha, no mozhno*" (prohibited, yet possible) offered a summary understanding of the Soviet society with its all-embracing restrictions and the labyrinth of possibilities around them (the shops are empty but fridges are full). *Blat* was an open secret for insiders, but a puzzle for outsiders unequipped to handle the "doublethink" associated with *blat*. It was not that a formal "no" necessarily turned into a "yes" after pulling some *blat* strings. The formula *no+blat=yes* is misleading, for it emphasizes the importance of *blat* but downplays the importance of constraints. In Soviet times, even outsiders could make useful friends

and mobilize them and their networks to get things done. Yet there was always a limit to what friends could do. Sometimes *blat* worked and sometimes it didn't. Thus, its formula should grasp both ends of the paradox:

*blat=no* (shops are empty)

AND

*blat=yes* (fridges are full)

## Blat and shortage

No coherent rules about *blat* economy of favors, which were predominantly associated with access to goods and services in short supply, could be deduced: it was both the formally prescribed "no" and the informally pushed "yes" that constituted an ambivalent outcome, somewhat dependent on the size and potential of the networks, while also being constraint-driven, context-bound, uncertain, and irregular. Moreover, under conditions of shortage (or rationing), a positive outcome for one was preconditioned by negative outcomes for the others. While the state monopoly of centralized distribution created shortages, the monopolization of *blat* redistribution by each particular gatekeeper further perpetuated these shortages further. The constraints of socialism drove people to outwit the centralized distribution system. At the same time, the harshness of these constraints made it impossible for the regime to fully enforce the existing regulations, which created opportunities for brokers to circumvent them. "Pushers" of constraints (*tolkachi* and *blatmeisters*) created value for themselves and their networks at the expense of less opportunistic players. Thus, functionally, *blat* softened the constraints of the Soviet system for some but was dependent on the continuing existence of constraints for others. Working with constraints to unleash their enabling power became the preoccupation of experienced brokers, who often functioned for the sake of the Soviet system but contrary to the system's own rules. Thus *blat* could function in both productive and non-productive ways.

## Informal practices that make things work

Obtaining goods and services through *blat* channels provided just one example of the many informal practices that made the Soviet regime more tolerable and, at the same time, helped to undermine its political, economic, and social foundations. In his *Economics of Shortage*, Janos Kornai theorizes principles of rationing, or the non-price criteria of allocation, and forms of allocation of resources.<sup>9</sup> Each of these can be associated with an informal practice, serving specific needs at various stages in socialist development. For example, associated with queuing is the practice of absenteeism from a workplace (no unemployment, but nobody works), that in late socialism served people's consumption, but also served to alleviate the hardship of queuing and to reduce criticism towards the regime, which was incapable of tackling shortages. Because absenteeism had utility for late socialism and could not be ruled out completely, it was prosecuted by authorities only in selective campaigns, often to signal that the practice had gone out of proportion or to punish regional and local officials, on whose territories the raids for absentees in the shops' queues were

**Reciprocity may very well be used to exercise power.**

made. Selective enforcement, or under-enforcement, became the obverse of over-regulation.

The theme of ambivalence became similarly central for the postcommunist transition. In my next book, *How Russia Really Works*, I argue against the stigmatization of practices that replaced blat during Russia's dramatic break-up with its communist past. Contrary to the assumption that informal practices had to disappear once the oppressive system collapsed, I identified new practices that emerged and functioned ambivalently in order to serve the transition: they both supported and subverted the post-Soviet political, judicial, and economic institutions. Newly established in the 1990s, democratic and market institutions, including competitive elections, free media, an independent judiciary, and private property rights, became enveloped in informal practices that both facilitated their development and undermined it. Practices associated with manipulation of electoral campaigns (black public relations or *piar*), misuse of information and compromising materials (*kompromat*), use of informal control and leverage (*krugovaya poruka*) in the formally independent judiciary, circumvention of market-induced economic constraints with barter schemes, non-transparent ownership, and creative accounting were the most widespread in that period.<sup>10</sup>

## Blat and sistema

My initial theorization of the ambivalent role of blat networks has also helped in the subsequent exploration of the network-based system of informal governance – *sistema* – under Putin. In periods of stability, the ambivalent workings of blat networks at the grassroots level are indeed similar to those of power networks in *sistema*, but one important distinction has to be emphasized. If the blat “economy of favors” had to some extent an equalizing effect on the chances of gaining access to resources for networked individuals, and thus reduced the privilege gap between insiders and outsiders of the centralized distribution system, the trickle-down effect of the present-day “economy of kickbacks” seems to be the reverse: it undermines competition, excludes the outsiders, and rewards insiders through network-based allocation and mobilization. If blat networks tended to operate on the basis of obligation perceived as “mutual help”, power networks tend to operate on the basis of a hierarchical, patron-client logic, associated with practices of “feeding” (*kormlenie*) aimed to enhance the power of the ruler and leave his subordinates under his “manual control”.<sup>11</sup> This difference also stems from the political and economic frameworks in which networks operate. Because the Soviet system was not economically viable due to its centralization, rigid ideological constraints, shortages, and the limited role of money, blat networks had some equalizing, “weapon of the weak” role in the oppressive conditions, and to some extent served the economic needs of the central distribution system. In Putin's Russia, power networks operate without those constraints and extract multiple benefits from the post-Soviet reforms, while undermining the key principles of market competition (equality of economic subjects and security of property rights) and the key principle of the rule of law (equality before the law). They are, in effect, the “weapon of the strong”. The effect of dominance, omnipresence, pressure un-

der which everyone has to live is often referred to as “*sistema*”.

What it lacks in democratic graces, the *sistema* appears to compensate for with the effectiveness of its informal incentives, control, and capital flows operated by power networks and their impressive capacity to mobilize. Reliance on networks enables leaders to mobilize and to control, yet they also lock politicians, bureaucrats, and businessmen into informal deals, mediated interests, and personalized loyalties. This is the “modernization trap of informality”: one cannot use the potential of informal networks without triggering their negative long-term consequences for institutional development.<sup>12</sup>

The similarity of functional ambivalence of both blat and power networks points to an important dimension of modernization: in order to modernize, one should not only change the formal rules, but also modernize networks. Modernizing networks in the context of informality and corruption first of all means changing people's attitudes to favors of access for “*svoi*” at all levels. Networks through which favors are channeled, and their functional ambivalence, are essential for the understanding of economies of favors and their similarities with and differences from corruption.

## Helping from whose pocket?

In the Soviet economy of favors, favors often involved redistribution of public (or non-personal) resources for the provision of personalized help, which placed such actions on the borderline with practices of embezzlement, pilfering, and routine misuse of resources. Yet the societal constraints, specifically the illegitimacy of the private property, legitimized the use of the public property. Blat favors were commonly aimed at obtaining food, goods, and services, to which people were entitled. It made such favors easier to receive, especially that they were associated with non-monetary incentives. Moreover, the sense of entitlement provided legitimacy to those involved in giving, receiving, or exchanging favors. Those who did not or could not become involved, however, emphasized the inequality and unfairness of blat. For participants, favors of access merged with patterns of care and sociability to such an extent that people were often unable to distinguish, for example, friendship from the use of friendship. Such dual nature of blat was preconditioned by subjective and objective, informal and formal constraints. The informal code of friendship in socialist societies (to give away your last shirt to a friend) made the boundaries between relationship and the use of relationship blurred. The formal constraints of socialism – where the public and private property balance was distorted, the money did not function fully, and the alternative currencies of exchange created symbiotic relationship with the economy of shortage – allowed favors of access to be exchanged at the expense of the public resources and served to compensate for the deficiencies of the centralized system of distribution.

## The blurred boundaries between sociability and instrumentality

For the purpose of the ideal types, it is possible to establish a borderline to distinguish between friendship and blat (the use of friendship) – if help to a friend comes from one's own pocket,

**To survive in a corrupt system imposed from above, one can create one's own system of favors from below.**

it is help of a friend, if a help to a friend comes at the expense or through redistribution of public resources, it is a favor of access. The nature of formal constraints, the lack of private property or clear divisions between the public and the private in socialist societies, provides a degree of entitlement to whatever the economy of favors has to offer. As opposed to favors given, received, or exchanged at the expense of personal resources, an economy of favors implies that a favor-giver is not only a giver but also a gatekeeper or a broker benefiting from the position of access and discretionary powers. It is also often the case that a favor-recipient is not merely a beneficiary of a redistributed object or service, one delivered by a friend, a friend of a friend or a broker, but also a recipient of what s/he is entitled to have. In other words, a favor does not produce an outcome visibly different from that achieved in other ways (inheriting, rationing, queuing, purchasing on the black market), which makes defining the boundaries even more difficult.

To complicate matters further, the difference between sociability and instrumentality is defined not only by the source of resources (private or public) but also by the incentive (material or non-material). Thus, the intermediation of *blat* is essential to protect one's positive and altruistic self-image and to misrecognize one's own experiences: one helps a friend, not oneself, and that friend returns a favor eventually. Both parties maintain a "good friend" self-image while using public resources for "non-selfish" purposes. When the moral norms prescribe that one must help a friend but also that *blat* is immoral and unethical, the normative ambivalence – the partial "misrecognition game" – is the way out.

Selfless redistribution of public funds for a moral cause is not likely to be seen as self-serving, or corrupt. And yet, where there is a potential for mutuality, sociability breeds instrumentality. Selflessness of favors, or disinterested giving, is an essential feature of an economy of favors: "I favor your interests, you favor mine, and we are both selfless individuals not interested in material gain." Acting sociably, for a non-material and/or non-personal gain, allows the giver not to cross the borderline of a corrupt exchange, while the recipient of material gain is not in the position to re-direct public resources and technically does nothing wrong. Where a "favor of access" involves the misuse of public office, the self-image is "rescued" from being corrupt by an altruistic incentive and the lack of direct private gain.

In turn, non-material incentives may include all kinds of moral or emotional gains and losses. Apart from grace, noted by Julian Pitt-Rivers<sup>13</sup> and Humphrey<sup>14</sup>, dignity and humiliation can certainly be brought into the discussion of non-material incentives. In literary sources, Eric Naiman observes, they seem to undergird just about every act of giving and receiving, and the recipient's sense of self-worth (dignity) and the degree of resentment he experiences, even – and perhaps especially – towards those who do the most for him, are essential components in the understanding of the meaning and consequences of any favor. The sense of daily frustration surrounding the material aspects of much late-Soviet life surely had an impact on the giving and receiving of favors, and their perception.



## Clashing constraints beyond socialism

As mentioned in the introduction, the issues of blurred boundaries and clashing constraints are not exclusive to socialism<sup>15</sup> or post-socialism. In a wider sense, such issues can be reframed in terms of world religions, the emergence of an anonymous individual, market systems, or the transformation from limited access to open access societies, a transformation that implies that certain hurdles of law enforcement and limitations for the elites need to be overcome.<sup>16</sup> In a narrower sense, in order to understand the contexts conducive to economies of favors, one should find oneself in a situation, where due to its formal and informal constraints, it is impossible to be a good brother and a good bureaucrat simultaneously, or where it is possible for a favor to have contradictory outcomes (good for one, bad for another; good in the short term, bad in the long run; to alleviate but also to aggravate shortages). The clashing constraints certainly reinforce the functional ambivalence of social networks, which operate differently under different constraints and certainly play a key role in mastering mutually exclusive constraints.

When gate keeping is associated with a position in official hierarchy (with access to public resources), granting a favor is not defined by personal choice. It is shaped by the dual pressure on a bureaucrat: on the one hand, formal responsibility to perform certain duties and follow rules according to organizational or professional code, delegated by the principal, and on the other hand, informal responsibility for personal networks, friends, family, and the peer pressure of the social circle. A cross-country variation in the combinations of formal and informal constraints is substantial. There are societies where it is possible to be a good bureaucrat and a good brother at the same time, but there are societies where this is not possible, and one has to navigate around both sets of constraints in order to keep both the job and the network. Economies of favors tend to develop in circumstances of conflicting formal and informal constraints, so that social networks not only become instrumental for individuals but also ease the workings of institutions.

## Favors of access in other societies

I argue that constraints associated with central planning, shortages, and rationing produce an "economy of favors" that is essential for the functioning of political, economic, and social systems, and thus is different in scale and functionality from other systems. Some pointers to such conditions are hidden in a popular proverb "do not have hundred rubles, have hundred friends". It is meant to emphasize the non-material (moral and emotional) importance of relationships, but it has also developed connotations involving access to goods and services in short supply. In the planned economy, money played a limited role because of the underdeveloped markets, which placed additional emphasis on the non-market transactions. But this does not mean that the informal dimension disappears with the collapse of planned centralized economies. In developed market economies, favors for circumventing the existing constraints are also both relationship-based

and instrumental,<sup>17</sup> yet it is the nature of constraints that makes a difference. Although the concept of “favor of access” has emerged from the context of state-centralized distribution systems, it may become relevant in other types of regimes where the state plays a central role in the bailout of private financial institutions (the 2008 financial crisis in Russia has certainly put businesses in a queue for a bailout). In full-fledged markets, as portrayed by Jeremy Rifkin<sup>18</sup>, the institution of ownership gradually transforms into the life-long access to services, so one can envisage the relevance of economies of favors for access to nearly every aspect of human life.

Whether driven by scarcity or surplus, there are pockets of society where friends, friends of friends, and other gatekeepers capable of sharing access are all-important, and where favors of access are routinely provided and channeled by social networks. It can be envisaged as a social network of gatekeepers, who either open their gates of access when needed by those they care about, or use their own time and resources for sociability, thus also creating or maintaining their social networks. The hidden part of such sociability is its potential to generate a return, to create incentives for keeping the gates shut unless there is a prospect of a return, and to generate divisions into “us” and “them”, thus entailing exclusion and unfairness.

### The blurred boundaries between favors of access and corrupt transactions

The resemblance of blat favors aimed at circumventing formal rules and procedures – manipulating access to resources through direct purchase as in bribery or the diversion of public resources for personal gain – makes them a member of a wider family of informal practices and complicates the matter of drawing the boundaries between favors and corrupt exchanges.<sup>19</sup> It also raises the question whether blat was in fact a dysfunctional corrupt practice. This may be the case in certain contexts but it is also misleading, for neither blat nor corruption have a clear or single meaning, nor are these terms independent of normative, context-free judgment.<sup>20</sup> According to Lampert<sup>21</sup>, cases of corruption have a ranking specific to the society. The Soviets clearly felt that bribery was a worse form of corruption than a small-scale use of public resources for private ends (such as using workers to do private jobs). Cultural connotations of money as “dirty” made non-monetary transactions fairly legitimate.<sup>22</sup> This was in tune with the distinction drawn between various forms of offense in the criminal code and the different penalties for engaging in them.<sup>23</sup> Blat was not

on the criminal scale at all and could not, strictly speaking, be characterized as illegal (by reason of its small scale or acknowledged necessity (*voiti v polozenie*)), thus falling in the category of “good” or “ambiguous” corruption.<sup>24</sup> The oppressive nature of the communist regime, and its centralized way of distributing goods and privileges, introduces another twist in interpretation of the nature of blat practices: if blat corrupted the corrupt

regime, can we refer to it as corruption? With these considerations in mind, to equate blat and corruption in a Soviet context is to misunderstand the nature of Soviet socialism.

It is tempting to argue that blat subverted the Soviet system, and thus should be held responsible for undermining its principles and foundations, leading to the ultimate collapse of the Soviet Union. Yet blat also served the needs of the socialist system, and thus supported its existence, operating contrary to the system’s own acclaimed principles. Such functionality of the dysfunctional, or ambivalence, applies, for example, to the role of hackers in advancing cyber security.<sup>25</sup> Apart from the ambivalent relationship (subversive/supportive) with the Soviet institutions, blat produced a similar bearing on personal relationships – people were forced to use their personal networks instrumentally, and that instrumentality helped to sustain those networks. People were made to want to be “needed”: blat is certainly missed by former *blat meisters* these days, and *babushki* mind being replaced by professional babysitters. The ambivalence of social networks is an interesting angle to explore as it helps identify similarities and differences in those conditions that make people use their networks for getting things done in different societies.

For example, patron-client networks are known for their parasitism on state resources and abuse of administrative power everywhere. Yet in Russia, they are perceived as more stifling for business than in China (this line of argument links to Robert Klitgaard’s conception of an “optimal level” of corruption, which has been taboo in contemporary anti-corruption studies).<sup>26</sup> Chinese networks are monitored better (there is a system of checks and balances, hotlines, and letters that are taken seriously by the Communist Party) and may be managed internally with more awareness of *guanxi*.<sup>27</sup> Chinese regions enjoy much more independence than Russian ones, and that also has implications for local growth, rather than centralization of resources. Cultural and historical differences are also important: a sense of measure is a key Confucian value that can be contrasted with the Russian soul’s aversion to moderation.

### Crossing the boundaries with a smile

The blat exchanges of early socialism have matured into a full-fledged economy of favors and become an open secret of late socialism, alongside its other competences: “to read between the lines”, “to see through the façade”, “to beat the system”, that enabled the reproduction of daily interactions without pressure of recognition of one’s own compromised behavior or the failures of the system. It allowed people to get on with their daily lives and helped the system to reproduce itself. A society of double standards and open secrets was thus formed.

Although the social competence of handling open secrets, and dealing with situations of moral ambiguity or ethical squeeze are largely invisible to outsiders, I argue that the normative ambivalence can be spotted in what I call a “knowing smile”.<sup>28</sup> I have seen many of these while researching the economy of favors. Knowing smiles are partially about smiling, partially about knowing; partially about knowing, partially about not knowing yet being able to go on without questioning. A knowing smile signals the competence



that includes a certain degree of cynicism, tacit knowledge about what is normal, the so-called ability “to go on”, enhanced by skills of doublethink, misrecognition, and the ability to turn formal constraints to one’s advantage. A knowing smile implies ambivalence about the idea of being honest, upright, and dedicated to official goals, holding these values, while also maintaining a distance from them. Independence, individualism, civic rights in totalitarian societies are channeled through doublethink. “Someone who readily believes whatever official discourse says has no independent thought”.<sup>29</sup>

The knowing smile – whether as a sign of recognition, misrecognition, or both – indicates some release from the grip of totalitarian ideologies, which are aimed at the transformation of human nature<sup>30</sup>, yet it could also be seen as a sign of such transformation. It becomes irrelevant whether people believed official ideological messages or not. Instead, the relation to the officialdom became based on intricate strategies of simulated support and on “nonofficial” practices.<sup>31</sup> Individual doublethink develops into collective double standards that imply the ability to hold contradictory views in private and in public and the capacity to switch between them smoothly, when applied to “us” and “them”, to “ordinary citizens” and to the Party leaders, to one’s personal circle and to society as a whole. Double standards continued to dominate in the post-Soviet era.

When I did my fieldwork in Russia in the 1990s and asked people to talk to me about blat – Russia’s economy of favors – they smiled knowingly but then almost universally responded, “Why ask me?” Reassured that I only want to know “what everybody knows”, most of my respondents were happy to discuss blat matters frankly, talking mostly about others, or about the way things used to be, but eventually also coming up with personal stories. An understanding of the *misrecognition game* and the ambivalence of my respondents has informed my methodology of research on favors: speak about generic practice, not personal experience; let the experience trickle down through narrative; speak about others (neighbors, other firms, friends); speak about the past, and inquire about know-how that is no longer in use.

## Ambivalent methodology

It would seem that one cannot study societies’ open secrets with a straightforward tackle. Approaching sensitive subjects requires an observant and patient researcher, keen on details and willing to take detours. Detours are in fact essential and are not without paradoxes. One should not look for it to find it; one should go at a distance to see closer; one should use the “rear mirror” to move ahead; and one should get out in order to notice what was in. In other words, the most direct way of studying sensitive subjects is to study them indirectly. One of the side effects of researching an economy of favors is that one becomes unfit to participate in it: once its misrecognition game is analyzed, it becomes impossible to play it, once its ambivalence is understood, the habitual use of double standards becomes inhibited. Reflection distorts practice.

Studying economies of favors allows one to assess the most profound features of societies through seemingly trivial aspects of everyday behavior, but it requires methodologies for grasping am-

bivalence. Sensitivities displayed in people’s accounts and explanations of favors provide insights into their own view of the divisive nature of favors and the double standards surrounding them, as well as into relationships within their networks. Understanding such cleavages can be hugely assisted by fortuitous historical circumstances. In the beginning of the 1990s, for example, it became possible to ask people to articulate their views on the Soviet past without constraint, just as in the 1950s, those who left the Soviet Union were able to describe their blat experience in the Harvard Interviewing Project. The collapse of the Soviet Union has made blat a matter of the past and thus enabled people to articulate it.<sup>32</sup> Yet asking people about private matters, such as favors, will always take them out of their comfort zone.

Years of fieldwork in post-Soviet Russia has helped me to develop a “slow cooking” methodology and assemble ethnographic evidence on hidden aspects of informality, strategies of misrecognition, and ambivalent qualities of economies of favors alongside other qualitative research. I relied on people’s willingness to share their experiences and started framing the most interesting ones as case studies. When I was researching *Russia’s Economy of Favors*, it was a case of a doctor, Natalia, who was an effective blat broker, exploiting the system but also being exploited by it. Her story exemplified the experience of the inner workings the Soviet economy of favors at the grassroots level. In *How Russia Really Works*, it was the story of a banker, Tatiana, that best illustrated the ambivalence of the business practices of the 1990s, with their criminality, unlawfulness, and unfairness, on the one hand, and their functionality for the transition, on the other.<sup>33</sup> As I looked for a story to illustrate the profound changes that have taken place in Russia in 2000-2008, I knew it should be associated with the increased importance of the judiciary and Russia’s integration into the international legal order. I was particularly keen to explore gender aspects – the majority of judges are women – and their relevance to the analysis of the key feature of *sistema*. The first decade of the twenty-first century produced a “whistle-blowing” trend among the Russian judiciary, with a number of judges speaking out about the fear they felt and the administrative pressure they had experienced. Several judges testified went on record to report that, at a higher level, influence with judges and prosecutors can yield desired results in criminal, commercial, and civil trials, and that, even if unfavorable judgments are handed down, there are ways to ensure that they are not enforced. When Olga Kudeshkina was dismissed from her position as a judge in the Moscow City Court for her non-compliance with informal commands, she took her case to the European Court of Human Rights in Strasbourg and won.<sup>34</sup> Her life story has become the case study for *Can Russia Moderate*,<sup>35</sup> illustrating the constraints that turn a “whistleblower” of *sistema* defects into a “traitor”.<sup>36</sup>

## Knowing password for open secrets

In my ethnographic fieldwork, I have searched for signs of recognition of matters one does not need to spell out: the semi-taboos about economies of favors, the complicity in leaving things unarticulated, the ambivalence of attitudes towards sensitive subjects. These are all pointers to potentially innovative research.

Observing the near ubiquitous exchange of knowing smiles in everyday contexts has pointed me to the niches of informality. Such exchanges form the basis of normality and routine interaction that are so fundamental for the *modus operandi* of societies, according to Goffman.<sup>37</sup> Smiling about blat has prompted me to look at other open secrets and their intricate relationship to power.<sup>38</sup> I argue that economies of favors constitute the societies' open secrets. One might think that an open secret is not a secret at all, since it concerns things that "everyone knows", whether within a particular group or more widely in a society. This view would be mistaken, however, because open secrets are only partly open. Open secrets are *secrets* in the sense that they are excluded from formal or official discourse but they are *open* in the sense that they are familiar and referred to in idioms and language games, though these often require explanation for outsiders. Their ambivalence is a real and significant one. There is a tacit acceptance that what is known should remain unarticulated. Open secrets, as is certainly the case with double standards, occupy areas of tension, where a public affirmation of knowledge would threaten other values or goods that those involved want to protect. This point is noted in Georg Simmel's discussion of secrecy, which reveals its complexity and subtlety. Simmel defines secrecy as "consciously willed concealment" – open secrets are clearly still secrets according to this definition.

### From ethnography to the next generation of indicators

As societies' open secrets, economies of favor have great research potential in most societies. The "oblique" methodology outlined above fits with the logic of triangulation: "attempt to map out, or explain more fully, the richness and complexity of human behavior by studying it from more than one standpoint".<sup>39</sup> Qualitative data on economies of favors should ideally be supported by other methods of "cross-checking data from multiple sources to search for regularities in the research data".<sup>40</sup> However, there are inevitable obstacles to the study of ambivalence, whether substantive, functional, or normative.

Quantitatively, the size of economies of favors is even harder to assess than that of non-quantifiable forms of corruption, such as nepotism, conflict of interest, or hospitality.<sup>41</sup> The subjectivity of value of favors, their cross-cultural incomparability, and ambivalence make it impossible to measure the size of economies of favors objectively. Rather, one could assess a spread of the phenomenon, following the methodology of measuring perception, as in the Corruption Perception Index (CPI).<sup>42</sup> It should also be possible to measure the gap between the perception of others' use of favors and self-reported experience of giving and receiving favors. Given that perceptions of favors are ambivalent and experience is misrecognized, risks of quantification can be mitigated by a triangulation that gives a more detailed and balanced picture of the situation. Given cultural specificity of economies of favors – there are often no exact translations of related idioms, slang, or jargon from one language to another – qualitative research is essential to establish the facilitating conditions, main gatekeepers, principles of inclusion and exclusion, multiplicity of norms, needs satisfied,

degrees of obligation and codification, influence of kinship, tradition and religion, social inequality and other divisive narratives. The main challenge, however, is to create novel indicators for the "immeasurable" that would grasp ambivalence, misrecognition, doublethink, and double standards, and that could potentially be comparable across societies.<sup>43</sup>

Comparability of economies of favors can be seriously contested. Due to their substantive ambivalence, they are hard to study even within one setting (specificity, secretive nature, dependence on respondents). They are inscribed into formal frameworks – political and economic systems – which are themselves non-comparable and rooted in different historical/social contexts.<sup>44</sup> Due to their functional ambivalence, they both subvert and support political and economic systems, social norms, and standards of sociability. Due to the normative ambivalence towards favors, the collected data may be difficult to interpret. Rather than following a coherent set of principles, the provision of favors is in line with some but contrary to the other widely held norms and values, which causes the ambivalence with which it is regarded: it is usually condoned by some and condemned by others, and/or condoned and condemned by the same people, depending on context. It takes an ethnographic and, possibly, interdisciplinary approach to identify an ambivalent subject, such as an economy of favors, but further research and comparison cannot be fully developed without the disciplinary methods, integrating the angle of ambivalence and adapting to it. ❌

Note: This article is based on a keynote speech held at the conference "Beyond Transition: New Directions in Eastern and Central European Studies", October 2–4, 2013, in Lund. The lecture was recorded by Mi Lennhag, and revised by the author after transcription.<sup>45</sup>



## references

- 1 J. P. Olivier de Sardan, "A Moral Economy of Corruption in Africa?" *Journal of Modern African Studies* 37:1 (1999) 25–52; J. P. Olivier de Sardan, *Researching the Practical Norms of Real Governance in Africa* (Discussion Paper 5, London: Africa Power and Politics Programme, 2008).
- 2 R. K. Merton, *Sociological Ambivalence and Other Essays*. (New York, NY: The Free Press, 1976) 6-7.
- 3 Ibid.
- 4 Zygmunt Bauman, *Modernity and Ambivalence* (Cambridge: Polity Press, 1991) 1, 12.
- 5 Ibid.
- 6 Alena Ledeneva, "Open Secrets and Knowing Smiles," *East European Politics and Society*, 25:4 November (2011).
- 7 Alena Ledeneva, *Russia's Economy of Favors: Blat, Networking, and Informal Exchange* (Cambridge and New York: Cambridge University Press, 1998).
- 8 James R. Millar, "The Little Deal: Brezhnev's Contribution to Acquisitive Socialism," *Slavic Review*, 44:4 (1985).
- 9 János Kornai, "Resource-Constrained versus Demand-Constrained Systems," *Econometrica*, 47 (1979).
- 10 Alena Ledeneva, *How Russia Really Works: The Informal Practices That Shaped Post-Soviet Politics and Business* (Ithaca: Cornell University Press, 2006) 288.
- 11 Alena Ledeneva, *Can Russia Modernize? Sistema, Power Networks and Informal Governance* (Cambridge UK: Cambridge University Press, 2013).
- 12 Ibid.
- 13 Julian Pitt-Rivers "The Place of Grace in Anthropology," *HAU: Journal of Ethnographic Theory* 1:1 (2011) 423–450.
- 14 C. Humphrey, "Favors and 'Normal Heroes': The Case of Postsocialist Higher Education," *HAU: Journal of Ethnographic Theory* 2:2 (2012) 22–41.
- 15 See, for example, Jeremy Morris and Sabina Stan's discussion of "neither commodities nor gifts" in the context of post-socialist informal exchanges in the Romanian healthcare system (2012). J Morris and A. Polese, *The Informal Post-Socialist Economy: Embedded Practices and Livelihoods* (London: Routledge, 2013).
- 16 D. North, J. Wallis and B. Weingast, "A Conceptual Framework for Interpreting Recorded Human History," *NBER Working Paper*, No. 12795: December (2006).
- 17 M. J. Sandel, *What Money Can't Buy: The Moral Limits of Markets* (London: Penguin Books, 2012); L. Larson-Walker, "A Favor Economy in Which Kind Acts Come With Expected Reciprocity," *The New York Times*: Big City, December 20 (2013).
- 18 Jeremy Rifkin, *The Age of Access: The new culture of hypercapitalism, where all of life is a paid-for experience* (Putnam Publishing Group: Penguin US, 2000).
- 19 Ledeneva, *Russia's Economy of Favors*, (1998), 39–59.
- 20 Alena Ledeneva, "Corruption in Postcommunist Societies in Europe: A Re-examination," *Perspectives on European Politics and Society*, Vol. 10:1 (2009) 69–86.
- 21 N. Lampert, "Law and Order in the USSR: The Case of Economic and Official Crime," *Soviet Studies*, 36:3 (1984) 371.
- 22 C. Humphrey, "Dirty Business, 'Normal Life', and the Dream of Law," in Alena Ledeneva and M. Kurkchiyan (eds.), *Economic Crime in Russia*. (London: Kluwer Law International, 2000) 177–190.
- 23 J. Heinzen, "The Art of the Bribe: Corruption and Everyday Practice in the Late Stalinist USSR," *Slavic Review* 66:1 (2007) 389–412.
- 24 See also I. Krastev, I. *Shifting Obsessions* (Budapest: Central European University Press, 2004).
- 25 Ledeneva and Kurkchiyan *Economic Crime in Russia* (2000); J. Assange, J. Applebaum, A. Muller-Maguhn and J. Zimmerman, *Cypherpunks: Freedom and the Future of the Internet* (New York, London: OR Books, 2012).
- 26 Robert Klitgaard, *Controlling Corruption* (University of California Press, Berkeley, 1988).
- 27 Alena Ledeneva, "Blat and Guanxi: Comparative Analysis of Informal Practices in Russia and China," *Comparative Studies in Society and History*, Vol. 50:1 (2008) 118–141.
- 28 Alena Ledeneva, "Open Secrets and Knowing Smiles," *East European Politics and Society*, 25:4 (2011).
- 29 M. Yang, *Gifts, Favors and Banquets: The Art of Social Relationships in China, The Wilder House Series in Politics, History and Culture*, (Ithaca, NY: Cornell University Press, 1994).
- 30 Hannah Arendt, *Origins of Totalitarianism*, (New York: Meridian Books, 1973 [originally published 1958]) 458; P. Sloterdijk, "Cynicism: The Twilight of False Consciousness," in *Critique of Cynical Reason* (Minneapolis, London: University of Minnesota Press, 1987).
- 31 A. Yurchak, "The Cynical Reason of Late Socialism: Power, Pretence, and the Anekdot," *Public Culture*, 9:162 (1997); see also the novels by A. Zinoviev, *Homo Sovieticus*, in translation of C. Janson (London: Gollancz, 1985).
- 32 Sheila Fitzpatrick, "Blat in Stalin's Time," in *Bribery and Blat in Russia: Negotiating Reciprocity from the Middle Ages to the 1990s*, eds. Stephen Lovell and Alena Ledeneva (2000).
- 33 Ledeneva, *How Russia Really Works* (2006).
- 34 ECtHR ruling No 29492/05 *Kudeshkina v. Russia*, February 26, 2009. For details see Judge Olga B. Kudeshkina's speech, March 1, 2010, "Deeds not words: The present failings of judicial reform in Russia," [www.eurussiacentre.org/eurc/judge-olga-kudeshkinas-speech.html](http://www.eurussiacentre.org/eurc/judge-olga-kudeshkinas-speech.html).
- 35 Ledeneva, *Can Russia Modernize?* (2013).
- 36 See the case of Edward Snowden. "Russia defies US with grant of year's asylum for Snowden". *FT Europe*, 2 August (2013) 1; See also Assange (2013).
- 37 Anthony Giddens, "On Rereading The Presentation of Self: Some Reflections," *Social Psychology Quarterly*, 72:4 (2009) 293; E. Goffman, *The Presentation of Self in Everyday Life* (Harmondsworth: Penguin, 1971) 7–14.
- 38 Ledeneva, "Open Secrets and Knowing Smiles" (2011).
- 39 L. Cohen and L. Manion, *Research Methods in Education* (Routledge (5th edition), 2000) 254.
- 40 T. O'Donoghue and K. Punch, *Qualitative Educational Research in Action: Doing and Reflecting* (London: Routledge, 2003) 78.
- 41 Transparency International, *Corruption in the UK: Overview and Policy Recommendations* (London: TI UK, 2011).
- 42 Transparency International annual index (CPI) measures the degree to which corruption is perceived to exist among a country's public officials and politicians. It is a composite index, drawing on 17 surveys from 13 independent institutions, which has gathered the opinions of businesspeople and country analysts. The scores range from ten (squeaky clean) to zero (highly corrupt). A score of five is the number TI considers the borderline figure distinguishing countries that do and do not have a serious corruption problem. To access the CPI index go to <http://www.transparency.org/cpi/>. For critique of the index see Galtung (2005); Knack (2006) and Ledeneva (2009).
- 43 D. Prelec, "A Bayesian Truth Serum for Subjective Data," *Science* 306, 5695, 15 October (2004) 462–466. Available online.
- 44 Ledeneva, *Blat and Guanxi* (2008).
- 45 For a more complete discussion see also Ledeneva, A. "Beyond Russia's Economy of Favours: The Role of Ambivalence," in Nicolette Macovetsky and David Henig (eds.), *Economies of Favour*. Oxford: Oxford University Press, 2014. This research project has been funded by ANTICORRP and IEA, Paris.