

# The Global Encyclopaedia of Informality

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Alena Ledeneva is Professor of Politics and Society at the School of Slavonic and East European Studies of UCL.

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Michael D. Kennedy, Professor of Sociology and International and Public Affairs, Brown University and author of *Globalizing Knowledge*  Don't mistake these weighty volumes for anything directory-like or anonymous. This wonderful collection of short essays, penned by many of the single best experts in their fields, puts the reader squarely in the kinds of conversations culled only after years of friendship, trust, and with the keen eye of the practiced observer. Perhaps most importantly, the remarkably wide range of offerings lets us "de-parochialise" corruption, and detach it from the usual hyper-local and cultural explanations. The reader, in the end, is the one invited to consider the many and striking commonalities.'

Bruce Grant, Professor at New York University and Chair of the US National Council for East European and Eurasian Research

# The Global Encyclopaedia of Informality

Understanding Social and Cultural Complexity

# Volume 2

Edited by Alena Ledeneva with

Anna Bailey, Sheelagh Barron, Costanza Curro and Elizabeth Teague



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especially popular, and people will naturally seek cheaper and more stable debt. As in the mid-1970s, in the past few years *salam* loans have become less common in Helmand, where 'liquidity and the possibilities of getting cash loans from family members mean that few farmers stake *salam*' (Mansfield 2015, personal correspondence). However, the entire matrix of factors that lead to illicit cultivation in the first place – economic necessity, instability, lack of formal alternatives, lack of infrastructure, corruption, etc. – needs to be comprehensively addressed in order to permanently reduce the prevalence of *salam* credit. In the meantime, any formal alternatives – such as micro-finance initiatives – that are attempted must be efficiently delivered and institutionally sound enough to withstand corruption or abuse. They must be aimed at the most economically vulnerable farmers in poppy cultivating areas, especially during times of economic stress; as these are the same conditions that favour *salam* credit.

### 5.22 **Obshchak** (Russia)

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The *obshchak* is a term that emerged in the early Soviet penal system in Russia (Gurov 1995; Varese 2001; Dolgova 2003). It derives from the Russian adjective for shared, common or communal (*obshchii*) and denotes a collective fund, used primarily for the purposes of mutual aid among like-minded convicts.

The practice of collecting the *obshchak* was originally confined to the Soviet Union. In the post-Soviet period, the term is used in criminal communities and prisons in most countries of the former Soviet Union. In the Baltic States, the South Caucasus countries and in Central Asia, the Russian word is given a local twist. Georgians, for example, call it the obshchaki, where the addition of i, a Georgian nominative ending, makes it sound colloquial. In Central Asian states such as Kyrgyzstan, the word is used as an adjective to denote any prisoner who concedes to the informal code of the prisoner elite, the vory v zakone, (see kanonieri qurdebi, 3.21 Volume 1). Thus, a prisoner can be described as obshchakovyi. In some Russian regions, the word has acquired an additional meaning, synonymous with criminality. For example, in Khabarovsk in the Russian Far East there is a powerful organised criminal grouping that simply calls itself Obshchak. The norms associated with such practices have also spread outside the successor countries of the Soviet Union through migration from the old Soviet bloc (Varese 2011).

In criminal contexts, funds are raised through the extortion or voluntary contributions of prisoners or entities outside prison. Those who give voluntarily signal their commitment to the criminal community. The term is linked to organised crime in a two-fold way. On the one hand, obshchak is part and parcel of extortion, whereby so-called protection money is paid by racketeered businesses. On the other hand, the obshchak ensures integration within and cooperation between criminal groups. This penetrates all levels, from individual prison dormitories and street gangs to city districts and even regions, with funds funnelling upwards to the most powerful groupings (Varese 2001; Volkov 2002). Both functions - the collection (informal taxation) and redistribution (informal welfare) of common funds, dissociated from the state or other legal providers – are essential for the emergence of mafias (Gambetta 1996). The colloquial use of the word obshchak can also be used in non-criminal contexts, as an abbreviation of 'common fund' (obshchaya kassa), to highlight the informal nature of collection and distribution (see 'black cash' or 'black coffer' – chyornaya kassa).

While the criminal *obshchak* can be used for mutual aid and support to those who are ill, in police custody, or in the segregation unit of the prison, the spoils generally accrue to those at the top of the criminal ranks. Thus, the *obshchak* should be understood as a form of generalised reciprocity that locks those who practise it into consistent lines of action. This means it represents an investment by criminals who do not receive immediate benefits but who then have an interest in remaining within the criminal community to reap the long-term returns as they move up the ranks. As such, voluntary investments in the *obshchak* can be understood as a signal of commitment, solidarity and positive attitudes towards the criminal community (Slade 2013). Investments are a measure of this commitment and can lead to promotion within the prison hierarchy or organised criminal group. However, for those who do not adhere to the inmates' code that supports the *obshchak*, it may be nothing more than a source of extortion.

The practice of pooling resources for mutual support and insurance against the worst is of course common in many informal settings. Paoli's work on the Cosa Nostra and 'ndrangheta mafia groups in southern Italy shows similar common pooled resources (Paoli 2003: 85–6). As well as creating rational incentives for long-term individual commitment to a social group, such pooling of resources is often sacralised as surrender of the individual to a higher good – that of the collective. In post-Soviet Georgia, criminal materials confiscated by police included a document with rules concerning the use of *obshchak* (Glonti and Lobjanidze

2004: 118–19). The pious language it uses is revealing: 'The *obshchak* is a sacred place. It may only be governed by saintly people ... These people must be absolutely honest to the thieves' idea, dedicated in their heart and soul ... Every keeper [of the *obshchak* – GS] must have from five to fifteen people in his care' (Glonti and Lobjanidze 2004: 118–19) Misuse of the *obshchak* and abuse by the keepers is a particular sin. This sacralisation of the community that the *obshchak* represents is by no means unique. Communal work and investments that inspire feelings of a higher calling to a collectivity is widespread in groups such as religious sects and utopian communities (Kanter 1972; Tilly 2005).

The *obshchak* norms and practices are related to other informal practices that emerged in the prison camps of the Soviet Union and became institutionalised. The practice of the skhodka – an informal 'court' for meetings of elite level prisoners – was and still is important for organising the obshchak, sanctioning breaches of rules connected to it, and electing those who should look after the fund. An insight into the rules and sanctions in Russia comes from the 2015 conflict between factions of one of the most powerful organised criminal groupings of vory v zakone over irregularities in obshchak book-keeping. After conducting an 'audit' of obshchak finances, a high-ranking boss uncovered instances of dubious book-keeping in the prison colonies of Ryazan region in Russia. This serious episode led to the person responsible for the *obshchak* records having his criminal status downgraded as punishment (Znak.com 2015). While in the past, the importance of the obshchak lay mainly in providing mutual support to prisoners and in furnishing the authority of the prisoner elite in the Soviet gulags, today the practice has been adapted for the purposes of organised crime-led business and is monitored more closely by both insiders and outsiders.

Police forces from Sweden to Armenia have endeavoured to find hidden resources associated with the *obshchak*, to uncover traces of their investment and to establish their beneficiaries. As the *obshchak* was the key mechanism of criminal coordination and cooperation for those imprisoned in the Soviet gulags, its norms and practices have lent themselves to transnational organised crime in the present day. Transfers of resources can be made without actual flow of funds, thus making payments invisible to the authorities. In this respect, the *obshchak* resembles underground banking systems based on informal rules and honour operational in the Middle East, India, Pakistan and North Africa (see *hawala*, 5.40 in this volume). In cases where *obshchak* has been exported beyond the geographical boundaries of the former Soviet Union – for example, among post-Soviet immigrant labourers in Greece, ethnically Russian prisoners

in Israel and Eurasian criminal bosses laundering money in Spain – there is a shared understanding of what the *obshchak* is and of the correspondent code that enables its operation.

Perhaps the most important implication of *obshchak* practices is their functionality for, if not symbiotic relationship with, formal institutions. Prison is the most common example (see *krugovaia poruka*, 3.10 Volume 1). According to ex-prisoner respondents in Kyrgyzstan, the criminal authorities are actively involved in the running of prisons. They report that *obshchak* contributions are collected on Fridays in all prison dormitories, records of the contributions are kept, and the resources are then redistributed according to need. In Lithuania, prisoner respondents report the *obshchak* is still collected as it was in Soviet times, though its importance has declined with the prison reforms and the greater efficiency of the formal prison authorities.

Prison reforms aimed at inmates' well-being reduce their dependence on *obshchak*, while anti-mafia policies directly targeting *obshchak* can make a real difference. Thus, during an anti-mafia campaign in Georgia in 2006 as part of President Saakashvili's anti-corruption reforms, 19 people were arrested and an *obshchak*, containing 100,000 lari (\$50,000 USD) was seized. Along with the money, an encoded list was recovered with names, dates and amounts given. According to the Georgian police, 'the money was collected by criminal authorities or contributed by people who voluntarily donated money to support the criminal world and transferred funds to this criminal account' (Prime Crime 2006). These examples show the importance and variation of *obshchak* as a distinct form of collective resource pooling and wider solidarity among like-minded criminals across the post-Soviet region and beyond.

## Informal entrepreneurship

5.23 **Zarobitchanstvo** (Ukraine)

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Zarobitchanstvo is a term used in Ukraine for 'earnings made away from home', that is, labour migration, both internal and external. Today, between 10 and 20 per cent of Ukrainians of working age are engaged in zarobitchanstvo. Recent years have seen a surge in female migrant labour, and this is having a significant impact on Ukrainian society. Travelling abroad to work is not a new phenomenon in Ukraine: it has long been a means of self-reliance in times of social and financial turmoil. It was