

Informality and civic activism in business sphere of Russia

(The structure of the paper)

INTRODUCTION

1. Informality as a source of civil society in soviet Russia

2. Business and informality after reforms: state-business relations.

3. Businessmen and civic activism

4. New actors in state-business relationships – informal intermediaries vs civic activism

CONCLUSUONS

Impracticability of formal rules

“If you had not been violating the rules... If you had been playing fair, then it would have been better not to be working at all!”

“In such a situation, in the real state of thing, constantly, whatever you do, you always violate the law. And you always feel yourself a criminal and in fact, you are forced to make pay offs.”

“Our legislation is built in such a way that even if you are four times right, they can find an article according to which you will be called to account”.

Imperfection of formal rules

“We belong to public catering, but we don’t cook anything ourselves. They insist on installing three new sinks, for example. We don’t need them! We don’t cook anything! But if they want, they can shut us down because of this. And these norms, these rules, they have not been changed practically from 1974. 1974 and 2004!?”.

“We are opening here now, and we are facing a problem with the sanitary inspection. We collect documents: we need permission from the firemen, there we need permission from someone else... And these requirements are often contradictory. Firemen want this, sanitary inspection that, security structure something else...”.

“Soft terror” of bureaucrats

“In reality, when the inspectors come to your business and find problems, you will understand that they have come here not to shut you down as soon as possible. No, they have come here in order to get some money from you”.

Civic activism

“Q. – What if entrepreneurs found some organization or association in order to solve these problems?”

A. - Yes, those who have production, they can. In order to do something, we need funds – but we do not have them! We have no funds, but those who have funds they dictate”.

“Q. – What do you think, if for instance there is some union of businessmen, would it help?”

A. - I am convinced that it will be a union – “though the dog is barking, the caravan keeps going”.

“... All entrepreneurs can gather, sit in a room, smoking, drinking coffee and saying that "OK, now we are starting to fight. But when a single businessman will be addressed by some agency, he will solve his problems himself, because he understands that if he does not give a bribe because he wants to stick to his principles, he will loose much more in the future.”

Intermediaries

Customs

«OK, as for customs ... they solve the problem in another way. They do not have...how to say..these direct relationships like “bribe-decision”. Everything is rather covert there, and, they have, say, nearby-custom structures that guide all operations with your cargo and solve the problems with customs officials. Is this bribe or not?»

“The way through the customs – it is just horrible! We were doing everything by ‘a white scheme’. The system works as follows – we try to do everything fair, paying all customs duties and etc. But the custom rules and custom laws are very complicated, they can cavil at anything, and won’t let a commodity through. But it can be done very easily... We tried once to go through customs procedures using a ‘gray’ scheme. And it turned out to be much easier and much cheaper. And now we are thinking: what for? Why have we suffered so much for five years? Every time we bring a commodity through customs costs four days of my life”.

Real estate

Q: Did you have any problems with officials to open your shop?

A: Oh, horrible! There was a lawyer firm at the district administration that offered us very good premises. But then it turned out... Well, we said in the very beginning that everything was official and we complete d a cashless transfer. Nonetheless, we were told that "You need to bring \$300 every month in cash anyway [...]. And it was impossible to reject, because this firm is at the administration and we were told: We will simply not allow you to work in this district!

Licensing and certification

Q.: “Naturally, I have never seen anybody, but everything goes to a firm. We pay the firm, and they do everything. They collect all the necessary documents, which are simply bought. Because nobody has so much time to collect all this – it would take me half a year! Besides I have no idea where to go to get these documents...”

R: So these firms help you to get all this?

A.: Not only. Say, I have opened a firm and I want to start working. Then they say: “Well, but you must hire for this 10 engineers and 50 workers”. I say: “ÖK, I will hire them”. And after I bring all the documents they say: “Well, now you have to send them for training”.

Q.: and what then? Then you buy these training certificates?

A.: Sure! In reality nobody does anything but the documents are here, they are on official paper and look nice. From institutes and training centers, that he attended courses, passed the exams, commission accepted It turns out that this pyramid is specially built on an empty place. And these firms, they are created around those officials who deal with issuing licenses - a dozen people involved, you know! If **they** bring this paper – it will be accepted [by the officials], if not [them] – well, it won’t. It’s amazing!”

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Intermediaries 3

Indirect mediating

«There is a lot of firms selling fire protection alarm systems with all necessary norms and rules. But we were told at the very beginning that : “you know, guys, even if you find a cheaper fire alarm system and install it following all formal requirements, it wouldn’t be accepted by fire inspection. Because we have a monopoly in this district. Such and such firm is selling alarm systems here, and the owner of this firm is a chief policemen of the district. That’s it»

«Accordingly, at the very beginning sanitary inspection conducted raids upon us, well, say – flying visits with insinuations {...} then we begin to interact according to informal agreement – we send our employees for medical examination to a certain clinic at which they point a finger – for us it doesn’t matter whom to pay this money. And I do not know what kind of connections they have got there.»

Emotional strain

“I want to say that every official - depending on his upbringing, his intellect and I don’t know what else to a greater or lesser degree - would necessarily smear you on the table. If he is a cad, then he will be actively doing this. If he is a well-brought-up, then he will be doing this by his indifference. None of them cares about you!”