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Beyond Russia's Economy of Favours: The Role of Ambivalence

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Summary

- In this paper I suggest a network-based typology of favours that seeks to reflect their substantive ambivalence.
- I argue that a common exchange of favours differs from an 'economy of favours' in a number of ways. An economy of favours operates on the basis of favours of access, originating in the re-distribution of public resources. It can also be differentiated by its scale and the magnitude of ambivalence: substantive, functional and attitudinal.
- Firstly, I distinguish *substantive ambivalence* of favours, determined by the degree of uncertainty of obligation in social relations and intermittent display of features of gift and commodity exchanges, as well as features of benefiting from and investing into creation and maintenance of networks.
- Secondly, there is functional ambivalence, whereby favours originate from certain structural conditions and contradictory demands – they play supportive but also subversive roles for the formal and informal constraints that frame them
- Thirdly, there is *attitudinal ambivalence* on the part of both individuals and governments, relying on economies of favours, but also denying engagement, criticizing economies of favours but also accepting them.
- I suggest a research agenda for the study of economies of favours on the basis
 of three propositions: conceptual innovation, methodological experimentation,
 and challenge of comparison.
- Yet these novel research agendas stumble upon the conceptual issues of ambivalence; methodological difficulties of dealing with open secrets in the field; and challenges of comparison of societies' know-hows.
- Overcoming these requires some radical re-thinking in conceptual, measurement-based and policy-oriented approaches.

Introduction: In the beginning was ... blat! 1

My 'discovery' of economies of favours started with a study of *blat* – the use of personal networks for getting things done in Russia (Ledeneva 1998). Exchanges of favours are somewhat ambiguous and evasive, yet because they are also intrinsic to human societies it is essential to analyse them. It is tempting to assume that once

¹ I am grateful to Nicolette Macovetsky and David Henig for inviting me to give a keynote address 'From Russia's Economy of Favours to Economies of Favour: Conceptual Innovation, Methodological Experimentation, and Challenges of Comparison' to the conference on *Economies of Favour After Socialism: A Comparative Perspective*' at Wolfson College, University of Oxford in January 2012, http://www.dur.ac.uk/david.henig/Site/Welcome.html. A revised version of this paper will appear in the Conference volume, forthcoming in Oxford University Press.

favours are defined and analysed, they can be measured, compared and utilised with benefit to academic research and policy making. Yet these novel research agendas stumble upon the conceptual issues of ambivalence; methodological difficulties of dealing with open secrets in the field; and challenges of comparison of societies' know-hows. Overcoming these requires some radical re-thinking in conceptual, measurement-based and policy-oriented approaches.

For the majority of my respondents, blat means different things in different contexts, irreducible to a common ground: blat is an acquaintance or friend through whom you can obtain some goods and services in short supply, cheaper or better quality. It is a reciprocal relationship which people call 'I scratch your back, you scratch mine.' Blat is about pulling strings and creating and maintaining informal networks, based on mutual sympathy and trust among friends, acquaintances, or occasional contacts. Blat takes place in conditions of rationing and where one fixes a job for another, or where, on otherwise equal conditions, the one who is known or recommended gets chosen. Sometimes blat means influence and protection, all kinds of patrons, 'umbrellas' and 'roofs' (kryshi), as well as their recommendations and introductions. The plurality of favours, their (ir)regularity, kind of relationship between the parties, type of need, regime of reciprocity, participation of an intermediary or broker makes blat favours almost irreducible to any clear-cut typology. Rather, these situations are tied together in the way which is best grasped by the notion of 'family likeness' or 'family resemblance' enunciated by Wittgenstein in his *Philosophical Grammar* (written in 1931-1933, first published in 1969: 75, 118) and developed in the *Blue Book* (1958, hereafter BB). Entities which we commonly subsume under a general term, Wittgenstein writes, need not have anything in common:

They form a family the members of which have family likeness. Some of them have the same nose, others the same eyebrows and others again the same way of walking; and these likenesses overlap. The idea of a general concept being a common property of its particular instances connects up with other primitive, too simple, ideas of the structure of language (BB 17, see also BB 87, 124, PI 1,67).

Such ambivalence, whereby 'family resemblances' might or might not be available in every particular blat situation but altogether can be associated with the use of blat seems to be essential for grasping the elusive nature of an exchange of favours.² In its most extended sense, sociological ambivalence, in the definition of Robert Merton, refers to incompatible normative expectations of attitudes, beliefs, and behaviour. The incompatibility is assigned to a status and the social structures that generate the circumstances in which ambivalence is embedded (Merton 1976: 6-7). Merton's analysis of sociological ambivalence stems from Sorokin's repeated statement that actual social relations are *predominantly* of one type or another, rather than comprising pure types, and points out that "it is precisely the matter of not confining our attention to the dominant attributes of a role or social relation that directs us to the function and structure of sociological ambivalence" (Merton 1976: 16). The core type of sociological ambivalence puts contradictory demands upon the occupants of a status in a particular social relation. And since these norms cannot be simultaneously expressed in behaviour, they come to be expressed in an oscillation of behaviours: of detachment and compassion, of discipline and permissiveness, of personal and impersonal treatment" (Merton 1976: 8). In these terms, favours are outcomes of social relations, defined by the oscillating occurrence of compassion, permissiveness

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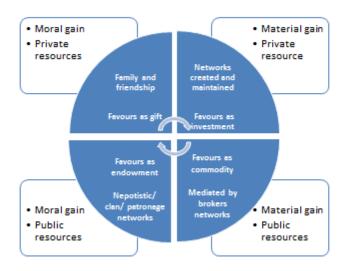
² Coincidentally, Oxford Dictionary provides a dated or North American informal definition of favour as "resemble (a parent or other relative) in facial features: she's pretty, and she favours you"

and preferential treatment of insiders, and of detachment, discipline and impersonal treatment of outsiders. For a transaction to be a favour, it should deviate from norm ("beyond what is due or usual") and should not imply a rigid obligation (to give, to receive, and most importantly, to reciprocate) or certainty (Oxford dictionary: favour). I define favour as an ambivalent transaction of sharing, transferring, or redistributing (im)material resources for (im)material gain, aimed at maintaining (or creating) social relations.

I suggest a network-centred typology of favours that seeks to reflect their substantive ambivalence. The ideal types of favours, pictured towards the margins of the diagram, are determined by whether a favour is provided from personal/private or re-distributed/public resources, and by the type of incentives that the parties (see Figure 1). The ambivalence of favour(s) – I use plural to emphasise this – is pictured towards the centre of the diagram as intermittently displaying features of gift, endowment, investment and commodity (see the circle and arrows on Figure 1). The nature of a favour, given or received, tends to be ambivalent, as the giver, the receiver, and the observer cannot help but perceive its meaning, value and functions differently. Where the boundaries between the public and the private and between the moral and material gain are not clearly defined, favours are particularly difficult to categorise. For example, time, inclusion into a network, or power of decision-making, commonly transferred in favour transactions, are seemingly non-material resources that are given by a person but they are not fully private, and are often given at the expense of other potential recipients.

Figure 1.

Typology of favours, given and received through strong or weak ties and at the expense of private or public resources



Now that the favour is conceptualised and typologised, let us specify conditions under which economies of favours consolidate and establish the limits of the phenomenon. Just as occasional unreciprocated favour may become reciprocated and even develop into a regular exchange, an exchange of favours, under certain conditions, can develop into an 'economy of favours,' essential for the functioning of political, economic and social system. I argue that a simple exchange of favours differs from an 'economy of favours' by its scale and the magnitude of ambivalence: substantive, functional and attitudinal. Firstly, I distinguish *substantive ambivalence* of favours, determined by the degree of uncertainty of obligation in social relations and intermittent display of features of gift and commodity exchanges, as well as features of benefiting from and investing into networks. Secondly, there is *functional ambivalence*, whereby favours derive from certain structural conditions and play supportive but also subversive roles for the formal and informal constraints that frame them. Thirdly, there is *attitudinal ambivalence* on the part of both individuals and governments, relying on economies of favours, but also denying engagement, criticizing economies of favours but also

accepting them. Although some of these features may apply to favours in every society, it is the combination of all three – substantive, functional and attitudinal ambivalence – that distinguishes and under certain political-economic and sociohistoric constraints necessitates the consolidation of 'economy of favours'.

In what follows I sum up the key features of economies favours in postsocialist contexts – their nature and functions, conditions and implications, as deducted from *blat*, Russia's 'economy of favours' – and consider applying the 'economy of favours' perspective to other societies. I suggest a research agenda for the study of economies of favours on the basis of three propositions: conceptual innovation, methodological experimentation, and challenge of comparison. I raise my concerns, or points of self-critique, with regard of this agenda: no concept can perfectly reflect the substantive ambivalence of the economies of favours; their functional ambivalence is difficult to pin down and measure; the cultural and temporal relativity of specific exchanges is impossible to compare; the attitudinal ambivalence (misrecognition) is hard to work with in the field; and societies' know-hows associated with economies of favours do not lend themselves easily to policy-making.

Substantive ambivalence of favours

An exchange of favours represents a specific type of non-monetary exchange that is ambivalent in nature, as it has resemblance to both gift and commodity exchange as well as a range of other practices (Ledeneva 1996; 1998). An exchange of favours can be both asymmetrical as a gift (a mother looks after her daughter's child or lends jewellery to wear; neighbour A walks B's dog together with one's own) and symmetrical as in barter or commodity exchange (A walks neighbour B's dog, while B looks after A's flat during business trips). Due to their ambivalent nature, favours

are hard to locate on a Sahlin's 'continuum', or a 'spectrum' of reciprocities, "ranging from pure gift ... to barter and theft which are each an attempt to get something for nothing with impunity" (Sahlins 1972). In certain circumstances favours resemble gift, as characterised by reciprocal dependence, which engenders regard for and trust in the other over the long-term. Gregory claims that such reciprocal dependence is inherent in gift, thus creating its 'inalienability', as opposed to reciprocal independence and 'alienability' of commodity (Gregory 1982). I see both as present, in an ambivalent form, in favour. On the one hand, exchanges of favours merge with patterns of care and sociability to such an extent that people are often unable to distinguish, for example, friendship from the use of friendship. Among family and friends, favours are not necessarily exchanges. Their moral value is derived from not being reciprocated, though reciprocal considerations can emerge when the relationship is broken (Boltanski 1990).³ On the other hand, favours can also resemble commodity exchange, "with those balanced reciprocities in which social conventions stipulate returns of commensurate worth or utility within a finite and a narrow period" (Sahlins 1972). I argue that in the case of an economy of favours, where favours are routinely given and received, an exchange of favours tends to adopt an ambivalent form, that is displaying features of both gift and commodity in a contradictory and mutually exclusive way. Let us consider an example. A neighbour looks after an elderly actress, who lives by herself, only occasionally being visited by relatives and not receiving enough support from them. The neighbour's help is selfless, she admires the former celebrity, yet she is also resentful towards her lousy relatives, not picking

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³ Luc Boltanski (1990) distinguishes between regimes l'amour (with reciprocity defined by an affectionate relationship) and la justice (reciprocity as defined within the broken relationship, in divorce). When discussing reciprocity of the exchange of favours I follow his logic and introduce regime of affection, regime of equivalence, and regime of status (Ledeneva 1998: 144-155).

up the cost of a permanent carer, whose functions she effectively performs.⁴ The concept of 'favour' implies this duality in the sense in which gift (among us) and commodity (among them) do not and remains ambivalent due to the fluid nature of contexts and relationships.

In gift exchange, inalienable objects of the same kind pass between people already bound together by social ties, whilst in commodity exchange, alienable objects of different kinds pass between people acting as free agents. Gift exchange underwrites social relationships and facilitates social reproduction; commodity exchange establishes relationship between things and ensures reproduction of the latter (Gregory 1982). An exchange of favours is ambivalent. In our example of blat exchange, although favours certainly transferred alienable objects, it did so on the condition that the relationship already exists. As in gift exchange, the repayment of favours took time, and there existed a period of unfulfilled obligation between economic transfers, which in aggregate perpetuated the system (Malinowski 1961 (1922): 177-94). Since reciprocity was a moral obligation (i.e. an informal arrangement), repayments were not properly accounted for. This led to uncertainty about whether a debt had been cleared, which led to a continuing obligation, which in turn ensured the system's survival (Mauss 1990 (1925); Gouldner 1977). 'The other' was not only functional but also personal. The favours therefore bore, as it were, a non-alienable character. Economies of favours could deliver commodities, such as foodstuffs, consumer durables, services, health care, but did so in a personalised, compassionate, and warm fashion that made them marked by the personal stamp of

⁴ RTR-Planeta, A show on the loneliness of the elderly, with Tatiana Samoilova, a Soviet movie star, Oscar for Letyat Zhuravli, who called to say that she only has 100 roubles in her pocket.

the donor.⁵ This could be best imagined as the occasional borrowing of a friend's or a gatekeeper's resources, while the access itself remained unalienable.

In socialist societies, the boundaries between relationship and the use of relationship became particularly blurred. Where money does not work fully and the currency of exchange is favours of access, favours are normally provided at the expense of the public resources and serve to compensate for the deficiencies of the centralised system of distribution. *Blat* favours were commonly aimed at obtaining food, goods and services to which people were entitled. It made such favours easier to receive. Moreover, the sense of entitlement provided legitimacy to those involved in giving, receiving or exchanging favours. Those who did not or could not become involved, however, emphasized the inequality and unfairness of *blat*.

It is possible to establish a heuristic criterion to distinguish between friendship and *blat* (the use of friendship) – if a help to a friend comes from one's own pocket, 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 favour of access. Providing a 'favour of access' comes dangerously close to a corrupt transaction (the use of public office for private gain), yet the giver can deny it on the basis of an altruistic motive or absence of private gain. The difference between a favour of access and a commodity received in a corrupt exchange is defined not only by the nature of resources but also by the nature of gain – selfless re-distribution of public funds for a moral cause is not likely to be seen as corrupt. Selflessness of favours is an essential feature of an economy of favours: 'I favour your interests, you favour mine, and we are both selfless and non-interested in material gain individuals.' Claiming to act for non-material and/or non-personal gain allows the giver not to cross the line of corrupt exchanges, while the recipient of

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⁵ In the, the actress's neighbour, who is currently lives elsewhere looking after her paralysed mother, shows up with the actress's favourite pies.

material gain is not in the position to re-direct public resources and technically does nothing wrong. The lack of private property rights or clear divisions between the public and the private in socialist societies provides fertile ground for an economy of favours to flourish.

As opposed to favours given, received or exchanged at the expense of personal resources, an economy of favours implies that a favour-giver is not as much a giver as a gate-keeper or a broker benefiting from the position of access and discretionary powers. It also implies that a favour-recipient is a beneficiary of a re-distributed object or service, delivered by a friend, a friend of a friend or a broker, that the recipient might be entitled to have. For example, when one is given internship or a job as a favour, once transacted, the favour becomes invisible, while the internship/ job appear to be or become legitimate outcomes. In other words, favours do not produce an outcome visibly different from the outcome received in other ways, at least not in the mode of 'one composed of many' synthesis, where thesis and antithesis are combined or synthesised into a certain outcome that is new or different from both constituent parts. Rather, favours operate in the mode of ambivalence, whereby 'one of many' is concurrent with another (or can even be contradictory to) 'one of many', where the outcome is not different from one of the constituent options, but is fairly hard to achieve and to predict (due to internal and external constraints).

To sum up the discussion of the ambivalent nature of the exchange of favours, how does the norm of reciprocity – a 'mutually satisfying pattern of exchanging goods

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⁶ For a long time, ambivalence was treated as little more than a measurement error. But in recent years, scholars have been taking our grey areas more seriously. Frenk van Harreveld, of the University of Amsterdam's Uncertainty Lab, found that the students in the ambivalent condition were deeply uncomfortable about settling on a view, and that this discomfort only increased once they had committed. They literally sweated over their decision. Van Harreveld explained that, for the ambivalent person, committing to a position, even though the decision has no consequence, is inevitably painful: "If you believe two things at once and you're forced to give one up, then you will experience a sense of loss." (Leslie 2013) In this paper, ambivalence is fundamentally defined by the impossibility of synthesis, and by the necessity of oscillating behaviour (Merton 1976).

and services' (Gouldner 1977: 28) – differ from gift exchange and commodity exchange? If the fundamental condition for the reproduction of gift exchange is an a priori existing relationship and reciprocal dependence (strong ties); and commodity exchange requires a priori existing market and reciprocal independence (no ties); the reproduction of the exchange of favours, as an ideal type, requires operational networks (whether strong ties, weak ties or networking to avoid the 'no ties' situation) that can be used for extracting a market value out of the relationship. As in other types of exchange, people expect reciprocation in return for a favour, believe that in the long run exchange will balance out and that not reciprocating will lead to penalties (Gouldner 1977: 28-43). It is hard to depict the ambivalence on favours schematically, as illustrated by arrows in Figure 1. The sustainability of the economy of favours, however, draws on their ambivalence – genuinely recognised as help, disinterested giving or kindness, and misrecognised as a value-creating transaction. There is also certain moral ambiguity inherent in favours provided at the expense of non-private resources – what comes to be seen as 'corruption' or amoral behaviour from the outsider's perspective might be viewed more benignly by those engaged in it, especially if does not involve straightforward bribery. Let us consider further issues around functional and attitudinal ambivalence of favours.

Functional ambivalence of favours

One of the key conditions for an exchange of favours to become an economy of favours is summed up in a popular proverb "do not have 100 roubles, have hundred friends," that emphasized that favours can give what money can't buy (Sandel 2012). In the planned economy money has played a little role, because of the underdeveloped markets, but in developed markets there are also things that money cannot buy.

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 favours of access are routinely provided and channelled by social networks. On the surface of things, it is a 'network of gatekeepers' either opening their gates when needed for those they care about or using their own time and resources for sociability, thus also creating or maintaining networks. The hidden part of this sociability is its rationality and the potential of a non-monetary favour 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.⁷

When gatekeeping is associated with a position in official hierarchy (with access to public resources), granting a favour is a transaction defined not only 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 organisational 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 it 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 favours tend to develop in circumstances of

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⁷ Favours of access is a concept relevant for regimes with state centralised distribution systems but 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 fully-fledged markets, as portrayed by Jeremy Rifkin (2000), the institution of ownership gradually transforms into the life-long access to services, so one can envisage the relevance of economies of favours for access to nearly every aspect of human life.

conflicting formal and informal constraints, where their ambivalent nature becomes instrumental not only for individuals but also for institutions.

The resemblance of *blat* favours aimed at circumventing formal rules and procedures – manipulating access to resources through direct purchase as in bribery or diverting 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 favours and corrupt exchanges (Ledeneva 1998: 39-59). 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 judgement. According to Lampert (1984: 371), 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 in enterprise time). Cultural connotations of money as 'dirty' made non-monetary transactions fairly legitimate (Humphrey, 2000). This was in tune with the distinction drawn between various forms of offence in the Criminal Code and the different penalties for engaging in them (Heinzen, 2007). 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 recognized necessity (voiti v polozhenie)), thus falling in the category of 'good' or 'ambiguous' corruption (see also Krastev, 2004). The oppressive nature of the communist regime, and its centralized way of distribution of good 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 Soviet conditions is to misunderstand the nature of Soviet socialism.

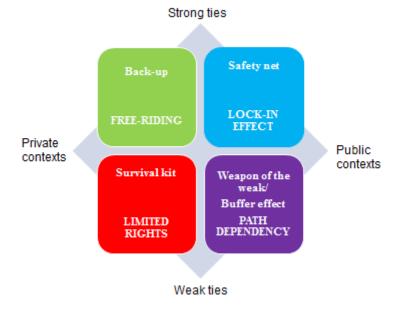
It is tempting to argue that *blat* subverted the Soviet system, and thus should be held responsible for undermining its principles and foundations leading to the ultimate collapse of the Soviet Union. Yet this is only one side of the coin. Historicizing blat helps to identify its important place in the functioning of socialism vis-à-vis patrimonialism and modernity (Ledeneva 2009b). Blat served the needs of individuals and the system, and thus supported the socialist system, operating contrary to the system's own acclaimed principles. It developed together with the regime and reflected its changes: at first there were the basic necessities such as food, jobs and living space, helping kulaks to escape exile or making it possible for Bolsheviks to christen their babies despite the Party ban on religious rituals; then came the more sophisticated needs of late socialism associated with education, mobility and consumerism. But although there may seem to be a parallel between the way contacts were used in Bolshevik Russia (for example, in order to conceal class origins given the constraints of the Bolshevik demand for a proletarian background), and in postsocialist Russia (where contacts could make one a millionaire), this is misleading. The context – the nature of the regime and its constraints on human behaviour – matters most in assessing the functional ambivalence of specific economies of favours. Blat generated an alternative currency to compensate for the rigidities of the ideology, planned economy and centralised distribution systems; it was as much a solution to the defects of the central distribution system of socialism as it was a problem. Apart from the ambivalent relationship (subversive/ supportive) with the Soviet institutions, blat has produced a similar bearing on personal relationships – people were forced to use their personal networks instrumentally but this instrumentality also kept the relationship going. The functional uses of networks might be interesting to look at as they might lead to the identification of the universal

features of economies of favours, defined as the use of networks for getting things done.

Let us shift the focus from the specific political-economic and socio-historic contexts of *blat* to the universal features of economies of favours. What makes me think that economies of favours are functionally ambivalent? It is their embeddedness in social networks. Social networks are intrinsically ambivalent in their functions: it would be impossible to decide whether they serve or undermine the structures and the individuals. They do both, simultaneously, and can do one only together with the other. My ideal types, based on analytical distinctions of strong and weak ties, and private and public contexts, in which networks can be used, serve to frame the fluid, blurry and fundamentally ambivalent nature of networks. Networks can produce a variety of outcomes in their 'social back-up,' 'safety net,' 'survival kit,' and the 'weapon of the weak' functions, corresponding to their downsides: 'free-riding,' 'lock-in effect,' 'limiting individual rights,' and 'path dependency.' Each function in Figure 2 is coupled with its dysfunction illustrating an ambivalence of the outcome that networks can produce: back-up/free-riding; safety net/lock-in effect; survival kit/limited rights; weapon of the weak/path dependency (Ledeneva 2013: 65).

Figure 2.

Functional ambivalence of networks



When we interpret this figure for the conditions of Soviet socialism and the economy of shortage, for example, the boundaries between the public and the private, between weak ties and strong ties are particularly blurry. Correspondingly, sociability of social networks and their instrumental use often become blurred. Kin and friends, and in late socialism even acquaintances, are expected to provide each other with access to goods and services in short supply (a survival kit) and to help out in other ways. Networking acquired connotations of the pragmatic use of networks, not necessarily self-serving but serving the interests of a network and reducing individual rights (limited rights). Along with a social support (back-up function), personal networks also provided unauthorized use to family, network or institutional resources, thereby forming patterns of parasitism between individuals and institutions, private and public domains, society and the state (free-riding).

There was no Soviet word to denote 'networks' or 'networking' (a post-Soviet term *seti* is used in academic contexts and in social media). However, idioms related

to secure networks in common use are 'people in one's circle' (*svoi liudi*), 'one of us' (*svoi*), and 'circle of joint responsibility' (*krugovaya poruka*), all of which connote an exclusive (closed) nature of networks (safety net) and their calculated use (lock-in).

The networks of gatekeepers, upon which the economies of favours rely, operate with such intensity that *blat* can be effectively thought of as the know-how of the Soviet system and the reverse side of its over-controlling centre (the weapon of the weak). The way they tackle the economic, political, ideological and social pressures of the socialist system effectively meant that the system worked against its own proclaimed principles. Yet paradoxically, by subverting the socialist system, the networks of gatekeepers also supported it (path dependency).

The functional ambivalence of Russia's economy of favours has, to some extent, solved the double puzzle in the history of authoritarian regimes: how people survived in an economy of shortage, and how the regime survived under similar constraint. Moreover, the Soviet case has opened an avenue to explore the nature of other political and economic regimes from a new perspective—the perspective of economies of favours. In some societies, these are essential for the understanding of workings of institutions and networks. Since the collapse of the Soviet Union, practices that have replaced *blat* in the functioning of the political and economic institutions of the 1990s have sustained the functional ambivalence by supporting but also subverting new post-Soviet institutions (Ledeneva, 2006). Further research is needed to establish conditions under which economies of favours are beneficial or detrimental for individuals, political regimes and economic markets. The functional ambivalence of economies of favours is linked to a number of complex issues, associated with their divisive nature (us and them); competitive advantages they offer to certain networks but not others, thus implying inequality and unfairness; the

compensatory role for the defects of formal institutions while diverting their purpose (need and greed); their capacity for mitigating personal and societal changes, reforms and crises, while also blocking them. Functional ambivalence is not sufficiently researched and understood. Some reasons are linked to intellectual discomfort and methodological inadequacy of tackling substantive ambivalence. Others are of pragmatic nature: it is difficult to study economies of favours due to the ambivalent attitudes to favours of those involved.

Attitudinal ambivalence of favours

In the context of modernity, ambivalence is associated with the fragmentation and the 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 (Bauman 1991: 1, 12). 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 organise and to design (Bauman 1991: 7). Ambivalence thus implies a form of disorder and negativity. In Bauman's list, in my view, ambivalence can be singled out for its bipolarity, oscillating duality, and relative clarity of the polar positions. It is a social counterpart of emotional ambivalence in psychology (love-hate) or the uncertainty principle in physics (semi-conductors), in other words, the lack of synthesis. In Bauman's terms, the ambivalence of favours would be about the linguistic disorder and the discomfort of attaching it to a single category (as discussed in the section of substantive ambivalence), yet it is also about the linguistic 'hide-and-seek' that

enables us to read the situation in a self-comforting way, the so-called 'misrecognition game' (Ledeneva 1998). Functionally, *blat* favours constitute an alternative currency that introduces elements of the market into the planned economy and loosens up the rigid constraints of the political and economic regimes. Yet psychologically, culturally and practically direct exchanges are not possible. A conceptual idea of 'misrecognition' first formulated by Pierre Bourdieu in his critique of economic or objectivist explanations of gift exchange, helps to clarify this point.

Gift exchange is one of the social games that cannot be played unless the players refuse to acknowledge the objective truth of the game, the very truth that objective analysis brings to light, and unless they are predisposed to contribute, with their efforts, their marks of care and attention, and their time, to the production of collective *misrecognition* (Bourdieu 1990: 105).

In other words, if gift-givers openly acknowledge that they are involved in equivalent exchange, and that they expect something of equivalent value in return, this is no longer gift-giving. Such denial, or misrecognition, is essential for the 'gift-giving' to take place. In the case of *blat*, misrecognition is not collective in the same sense. As in gift exchange, misrecognition of *blat* is common for insiders of the favour transaction, who often practise *blat* while recognising it as 'helping out.' From the outsider perspective, the deal is recognised as *blat*. Perpetual switching of perspectives enables one to engage in *blat* practices and at the same time to distance oneself from them.

Following Bourdieu, I describe a number of strategies by which one can be involved in an economy of favours while also misrecognising it (Ledeneva 1998, 59-72). The intermediation of *blat* transactions is essential to protect one's positive and altruistic self-image and to misrecognise one's own experiences: one helps a friend,

not oneself, and that friend returns a favour 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 ambivalence in attitudes – the partial 'misrecognition game' – is the way out. The attitudinal ambivalence serves the situations of moral or logical squeeze and helps to deal with the paradoxes of the system, and in this particular case to allow personal engagement in *blat* practices while blaming others engaging in them. "Blat is everywhere but what I do is not *blat*" is the key defensive narrative of individual respondents (Ledeneva 1998: 60). At the level of the Soviet system, a satirical magazine *Krokodil* promotes the narrative of the "grand misrecognition game": when one does it – engages in *blat* and other unofficial practices – it has nothing to do with socialism. Although in humorous format, *Krokodil* could not help being part of the political repressive machinery designed to introduce and reinforce moral/political standards. Uncovering a form of politics that pretends to be humour reveals a dimension of power that Bourdieu referred to as symbolic violence (Bourdieu 1991).

By the 1980s in the Soviet Union, understanding of the formality of constraints and of the possibility of circumventing them became almost universal—a variety of know-how was shared by insiders of a circle, a network or society as a whole. The phrase 'prohibited, but possible' (*nel'zya, no mozhno*) offers a summary understanding of Soviet society with its all-embracing restrictions and the labyrinth of possibilities around them. *Blat* exchanges of early socialism have matured into a fully-fledged economy of favours 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 behaviour 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 for outsiders, I argue that the attitudinal ambivalence can be spotted in what I call a 'knowing smile' (Ledeneva 2011a), at least I have received many of these while researching the economy of favours. Knowing smiles are partially about smiling, partially about knowing; partially about knowing, partially also about not knowing but being able to go on without questioning. A knowing smile signals the competence that includes a certain degree of cynicism, tacit knowledge about what's normal, the ability 'to go on,' a skill to turn formal constraints to one's advantage, and a capacity to play the misrecognition game in self-defence and in the defence of the system. It implies ambivalence about the idea of being honest, upright, and dedicated to official goals, holding these values, while also maintaining a distance from them. "Someone who readily believes whatever official discourse says has no independent thought" (Yang 1994). Independence, individualism, civic rights in totalitarian societies are channelled through doublethink. In his classic novel [1984], Orwell defines doublethink as "the power of holding two contradictory beliefs in one's mind simultaneously:"

"The Party intellectual knows in which direction his memories must be altered; he therefore knows that he is playing tricks with reality; but by the exercise of *doublethink* he also satisfies himself that reality is not violated. . . . [T]he essential act of the Party is to use conscious deception while retaining the firmness of purpose that goes with complete honesty. . . . To tell deliberate

lies while genuinely believing in them . . . all this is indispensably necessary" (quoted in Levada 2001: 17).

The doublethink is essential to accommodate the attitudinal ambivalence of the economies of favours. The knowing smile—whether as a sign of recognition, misrecognition, or both—indicates some release from the grip of totalitarian ideologies, aimed at the transformation of human nature (Arendt 1973: 458). 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 (Yurchak 1997: 162; see also Zinoviev's novels). The doublethink develops into the double standards that imply the ability to hold contradictory views in private and in public and the capacity of switching between them smoothly, when applied to 'us' and 'them,' to oneself and to the Party leaders, to one's personal circle and to society as a whole. Double standards continued to spread in the post-Soviet era.

At the individual level, the whole system of deals made with the state, which was intrinsic to the Soviet arrangement, inevitably led to moral corruption, the acceptance of sham, the padding of figures, string pulling, bribery, and doublethink. These conditions were necessary if society and the economy were to function. The collapse of the Soviet system did not introduce anything fundamentally new; it only eliminated the social and institutional (punitive) regulators that had limited the effect of the corrupting mechanisms (Levada 2001: 9).

Post-Soviet surveys provide numerical evidence of the ambivalence of public opinion in Russia (see Levada Centre annual reports). Yet practicing double standards is no doubt a universal phenomenon, not restricted to the totalitarian doublethink or to

its late Soviet and post-Soviet reincarnations. The manipulative use of the formal rules and using them to one's own personal advantage may be particularly strong in repressive systems but is not limited to them. This is illustrated by the studies of corruption and rent-seeking behaviour in the Middle East, Asian, Latin American and African resource-rich economies, as well as in the recent analyses of the 2008 subprime crisis elsewhere (Sassen 2012; Puffer et al. 2013). In his recent book on talk and silence about corruption in the Pacific Islands, Peter Larmour observes that when he brings up the subject of corruption, peoples' faces tend to 'light up' (Larmour 2012). Bauman links ambivalence to modernity, and Sloterdijk associates modernity with a universal trend of diffuse cynicism and ironic treatment of ethics and of social conventions, "as if universal laws existed only for the stupid, while the fatally clever smile plays on the lips of those in the know" (Sloterdijk 1987: 3-4).

Methodological experimentation

When I did my fieldwork in Russia in the 1990s and asked people to talk to me about *blat* – Russia's economy of favours – 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. Understanding of the *misrecognition game* and the attitudinal ambivalence has informed my methodology of research on favours: speak about generic practice, not personal experience; let the experience trickle down through narrative; speak about others (neighbours, other firms, friends); speak about the past, and inquire about know-how that is no longer in use. It would seem that one cannot study societies' open secrets by 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 to see what is in. In other words, the most direct way of studying sensitive subjects is to study them indirectly. One of the side effects of researching economies of favours might be that one becomes unfit to participate in it: once its misrecognition game is recognised, it becomes impossible to play it, once its ambivalence is articulated, practical choice of position becomes inhibited. Reflection kills practice.

Studying economies of favours allows one to assess the most profound features of societies through seemingly trivial aspects of everyday behaviour, but it requires methodologies for grasping ambivalence. Sensitivities displayed in people's accounts and explanations of favours provide insights into their own view of the divisive nature of favours and the double standards surrounding them, as well as into relationships within their networks. An additional challenge for a researcher of economies of favours is to historicize their elusive meaning defined by period, place and context, including all varieties of collective identities. In the beginning of the 1990s, 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 (Fitzpatrick 2000). Yet asking people about private matters, such as favours, is never in 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 favours 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 Favours, 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 favours at grassroots level. In How Russia Really Works, it was the story of a banker, Tatiana, that best illustrated the ambivalence of the business dynamics of the 1990s, with its criminality, unlawfulness and unfairness, on the one hand, and its functionality for the transition, on the other (2006). 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 testified that, at a higher level, influence with judges and prosecutors can yield desired results in criminal, commercial, and civil trials, and that, even if unfavourable judgments are handed down, there are ways to ensure that they are not enforced. When judge 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.⁸ Her life story has become the case

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⁸ ECtHR ruling No 29492/05 *Kudeshkina v. Russia*, 26 February 2009. For details see Judge Olga B. Kudeshkina's speech, 1 March 2010, 'Deeds not words: The present failings of judicial reform in Russia', www.eu-russiacentre.org/eurc/judge-olga-kudeshkinas-speech.html.

study for *Can Russia Modernise* (2013), illustrating the constraints that turn a 'whistleblower' of *sistema* defects into a 'traitor.'9

Theoretically, my method connects to the 'obliquity' approach, John Kay's study of why our goals are best achieved indirectly (Kay 2011). Kay observes that the happiest people do not pursue happiness; the most profitable companies are not the most profit-oriented; and the wealthiest people are not the most materialistic. Grant pursues a similar argument in the context of give and take practices (Grant 2013). Following this line of thinking, I looked for evidence of informal power in unexpected places. Somewhat paradoxically, the evidence for the most ephemeral and secretive workings of informal power was found in most formal of sources – legal rulings in the public domain – and in most tangible way, the material culture of the Kremlin's securitised communication network *vertushka* (Ledeneva 2013).

In my interviews I have searched not only for signs of awareness of transgression but also for signs of recognition of things one does not need to spell out. Masked hostility – expressed through ribbing – towards the researcher 'daring' to expose sensitive matters is indicative of these tensions. The semi-taboos about economies of favours, the complicity to leave things unarticulated, the ambivalence in attitudes are all pointers to the potentially innovative research. Observing the near ubiquitous exchange of knowing smiles in everyday contexts has pointed me to the niches of informality. Such exchanges are the basis of normality and routine interaction that is so fundamental for the *modus operandi* in societies according to Goffman (Goffman 1971:7-14, Giddens 2009: 293). Smiling about *blat* has given me a prompt to look at other open secrets and their intricate relationship with power. Knowing smiles are an integral part of maintaining ambivalent attitudes toward the

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⁹ See the case of Edward Snowden. 'Russia defies US with grant of year's asylum for Snowden'. FT Europe, 2 August, 2013, p.1. See also (Assange 2013).

official discourse of power elites while allowing them to continue to stay in power.

One is both forced and motivated to engage in the economies of favours, and to bridge the gaps between formal and informal constraints of the system. Such an arrangement makes one the insider of the system but also makes one complicit and fundamentally dependent on it. In the majority of countries, however, economies of favours up to now mostly have escaped dissection and analysis.

A good starting point for an innovative take on economies of favours is paying attention to slang, jargon and language games surrounding them, and exploring the potential of Borat methodologies (Condee 2008). I argue that economies of favours – where they are developed and registered in vocabularies of informality 10 – 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 a mistake, 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 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.

¹⁰ Henig, D. and Macovetsky, N. CEELBAS Workshops on Vocabularies and Grammar of Informality, Oxford, March and May 2013.

As societies' open secrets, economies of favour 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 behaviour by studying it from more than one standpoint" (Cohen and Manion 2000: 254). Qualitative data on economies of favours should ideally be supported by other methods of "cross-checking data from multiple sources to search for regularities in the research data" (O'Donoghue and Punch 2003:78). However there are inevitable obstacles to the study of ambivalence, whether substantive, functional or attitudinal.

Quantitatively, the size of economies of favours is even harder to assess than that of non-quantifiable forms of corruption, such as nepotism, conflict of interest, hospitality (TI 2011). The subjectivity of value of favours, their cross-cultural incomparability makes it impossible to measure the size of economies of favours objectively. Rather, one could assess a spread of the phenomenon, following the methodology of measuring perception, as in the Corruption Perception Index (CPI).

It should also be possible to reveal the gap between the perception of others' use of favours and self-reported experience of giving and receiving favours. Given that perceptions of favours are ambivalent and experience is misrecognized, risks of quantification can be mitigated by triangulation that gives a more detailed and balanced picture of the situation. Given cultural specificity of economies of favours — 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

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¹¹ 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, Ledeneva 2009a).

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 grasping ambivalence, misrecognition, doublethink, and double standards that could potentially be comparable across societies.

Challenges of comparisons: the risks of studying ambivalent subjects

Comparability of economies of favours 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 noncomparable and rooted in different historical/social contexts. Due to their functional ambivalence, they both subvert and support political and economic systems, social norms and standards of sociability. Due to attitudinal ambivalence, the collected data may be difficult to interpret. Rather than following a coherent set of principles, provision of favours are 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 a context. Thus, innovative approaches based on conceptual innovation, methodological experimentation, and comparative perspectives are required.¹² There are also serious demands made on researchers of economies of favours who are exposed to a number of challenges outlined below: transference, paradigm bias and discipline of the discipline.

¹² The ambivalence of risks is grasped in the folk wisdom: 'he who hesitates is lost' and 'look before you leap' or 'between a rock and a hard place'.

Cultural nuances of one society can be too easily read into another; equally, economic functions can be attributed to others, resembling what Freud called the transference effect. With hindsight, I might have attributed to China what is not there in my comparison of Russian blat and Chinese guanxi. 13 It is easy to lapse into a 'relationship bias' or 'economic bias' while searching for the logic of economies of favours. The notion of functional ambivalence resolves this tension but creates other ones. Cultural norms and obligations of sociability are the informal constraints that constitute conditions under which favours are utilised. Favours are part and parcel of social relationships, yet they also can become 'institutionalised' under formal constraints, thus facilitating the systemic use of connections to procure favours. Such conditions are associated with the absence of the markets and the distorted role of money in socialist societies, but also more generally are shaped by the shortage of supply, dealt with through rationing or other forms of resource allocation (Kornai 1979); the pressure of demand (regular, periodic, or life-cycle; family, friends, others and networking); the strength of social norms, customs, tradition, or collective action; as well as human ability to deal with double standards in psychologically defensive way (misrecognition game). The reasons for the emergence of economies of favours (survival, shortage, socially construed necessity) may not be the same as the reasons for their reproduction (vested interests), which accounts for the fundamental changes in the use of networks in the post-Soviet period in Russia and elsewhere. Changes in the role of blat in Russia and guanxi in China, for example, seem to highlight a

¹³ I pursued the comparison over a six year period and attempted a variety of techniques. I approached some Chinese nationals at the Chinese embassy reception in the context of explaining my research in Russia and remember their shutdown reaction to the theme of *guanxi*. I have read the secondary literature on the subject. I have spoken to students from China and offered them to work on the subject. None of these worked until I have received help from a scholar of Chinese origin, with interest in *guanxi* and marginal, insider/outsider perspective, similar to mine. Eva Hoffman has undertaken a search for experts, who would be able to share their insights on the inner lives of cultures (Hoffman 2011). Her example has been inspirational for venturing an encyclopaedic project on informal practices around the world.

tendency for economies of favours to proliferate among elites in both regimes and to exclude ordinary people from the rights and opportunities that markets are supposed to have opened up (Ledeneva, 2008). Further challenges emerge with an expansion of comparisons between developing countries and industrialized democracies and an attempt to establish whether the role of economies of favours diminishes in the processes of democratisation, modernization, and globalisation.

It was once assumed that when the communist centralized systems ceased to exist, there would not be a need for economies of favours, alternative currencies or an extensive use of networks. Markets would take care of functions that used to be performed by informal networks in planned economies, as prescribed by the Washington consensus paradigm, and democracies would consolidate, as prescribed by the transition paradigm (Stiglitz 1999; Carothers 2002). However, research shows that the use of networks not only has not diminished but has increased (Rose, 2001; Sik 1994). The legacy of socialism is often blamed, and the path-dependent behaviour is indeed part of the explanation (Mandel and Humphrey 2002). A further explanation, however, is the path-dependent paradigms and models, preoccupied with defects of post-socialism, market reforms and democracy. Such paradigms overlook the 'working patterns' of post-socialism – the problem-solving capacity of networks and their functional ambivalence driven by both sociability and rationality. The exigencies of the post-communist transition are compensated for by resort to networks; low levels of trust in state institutions and insufficiently developed impersonal systems placed emphasis on interpersonal trust. Tellingly, studies of economies of favours in transitional societies or emerging markets have helped to develop the postcommunist or postsocialist (as anthropologists refer to it) academic field, and also expanded into other thematic fields. Blat research has been relevant for studying social capital and emerging markets, labour and consumer markets, entrepreneurship and marketing, trust, mobility and migration, shortages and survival strategies, barter and alternative currencies, informal and remittance economies, and informal institutions and democracy. Economies of favours have implications for many disciplines such as management studies (Puffer et al. 2013), informal governance (Christiansen 2012), legal anthropology (Donovan 2007); organisational studies (Yakubovich 2013); social media studies (Lonkila 2010, Morozov 2012) and cyber studies (Assange et al 2012), but the research into economies of favours requires interdisciplinary skills.

An interdisciplinary approach is essential for understanding the workings of informal networks: for example, one has to grasp the history of *blat*, its political significance and the ideological nature of bargaining powers, the economic functions, social skills and divisions behind *blat*, as well as the ambivalence of the informal exchange of favours – not exactly an exchange of gifts but not one of commodities either.¹⁴

The disciplinary methods do not provide for the bottom-up research of economies of favours and impose top-down limits, such as conceptualising *blat* as institution, *blat* as network, and *blat* as practice thus inferring huge differences in method, typology, and implications. All these perspectives are essential for the understanding of economies of favours: the more interdisciplinary the research is, the more nuanced it becomes. The nuances of economies of favours are so important that it requires almost a 'clinical approach' with Merton's compassion but also detachment, with focus on the in-depth understanding of the case and its cultural

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¹⁴ Area studies are a solution but in turn limit comparative analyses and do not provide for country variations is its sectorial analysis, say, the use of favours in medical, educational sectors or in business.

context and also certain distance from it. A degree of marginality, being an insider but also an outsider of the studied societies, moving in and out of the field is essential for both the respondents and the researcher. Marginality can be an unintended consequence of the losing of one's country (or the socialist system one believed in), one's freedom, one's job, or one's status. For a researcher, such losses are a find. 'Disaggregating' concepts and specifying local practices, while being able to 'inscribe' them back into the global knowledge; creating novel ways of recording, registering and measuring economies of favours, while being able to connect to the existing datasets and indicators; maintaining the cultural relativity of economies of favours, while introducing a comparative dimension – all require expertise in ambivalence – a healthy degree of schizophrenia, as it were.

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