The Vanishing Rouble

Barter Networks and Non-Monetary Transactions in Post-Soviet Societies

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3 An anthropological view of barter in Russia

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1 Introduction

If economists have tended to be preoccupied by the problems posed by barter for the efficient allocation of resources, anthropologists are concerned with socio–cultural practices and concepts. The question for them is whether 'barter' constitutes anything specific from this point of view, or is merely a collection of diverse activities in different social contexts. There is a definite overlap between the conventional understandings of the two disciplines, however. The received wisdom in anthropology has been that if barter has any specific characteristic, it is that it is 'purely economic'. Anthropologists have tended to conceive the adjective 'economic' in the narrowest terms (individual choices in relation to scarce resources), thus excluding the whole body of the new institutional economics. For a time, this approach meant that for anthropologists barter was not very interesting. 'Barter' had very few social implications, being merely a matter of sporadic, one-off swaps between people motivated by economic self-interest. Socially, it was peripheral and 'negative' (characterised by haggling and cheating) in comparison to the 'positive' features of long-term reciprocity and even altruism attributed to the kinds of exchange embedded in internal kinship and political relations (Sahlins, 1972). This view of barter has recently come under scrutiny, as I describe later. In brief, studies of a range of non-industrial societies have shown that fundamental social relations and important political and cultural values are revealed in activities describable as 'barter'. But do these observations apply only to small-scale, non-industrial societies? Is barter only 'social' when it is archaic?

This book, on barter in contemporary Russia, a vast, complex and industrial economy, enables us for the first time to try to answer these questions – 'for the first time' because never before have we been able to observe directly an entire modern economy that to a large extent operates through barter. This chapter argues that barter in post-communist Russia creates specific social relations and in general is just as influenced by its political–cultural context as barter in 'traditional' kinds of society. This can be seen through looking at two features of barter revealed by the Russian case. The first is that barter is not limited to transient, bilateral swaps, but often consists of complex *debt chains* over long distances and sometimes lasting over years. While susceptible to dynamic changes in any given case, these chains can be seen to present certain types, or shapes, which traders constantly re-constitute from the people they know ('partners') and, as I shall show, barter comes to create relations that are social as well as economic. Secondly, barter cannot be fully understood simply as a matter of particular deals (whether between individuals or between firms), because there are larger institutional, societal and political forces which have interests in keeping the *system* of barter going in a situation where the alternative is re-monetisation of the economy.

The contemporary Russian political economy is dominated by the 'oligarchs' of privatisation and governmental fiefdoms, but it also relies on personalised, informal networks formed in Soviet times that are hidden from public view and yet spread out widely in the rest of the economy. Thus, while it need not be postulated that the immediate aims of transactors in Russian barter chains have anything other than a practical, economic purpose, it cannot be said that they operate on a blank or level playing-field. The hidden social resources and constraints do not determine what eventuates, however. The actual deals, the volatile, yet constantly reiterated 'surfaces' of barter as it takes place, are creating new socio–economic relations with their own vocabulary and customary 'ways of acting'. The task is to understand how these emergent relations in turn skew transaction decisions, despite the fact that the participants may see their activities as simply rational choices in the given circumstances. It will be suggested here that barter in Russia is producing distinct kinds of social relations that contrast with the more trusting relations associated with barter in traditional societies. Understanding what these Russian relations consist in may provide some clue as to how the barter economy may develop in the future, even if the economy is largely re-monetised.

2 Anthropology and barter

Anthropologists had theorised a contrast, even an opposition (Gregory, 1982), between 'gift' and 'commodity' exchange, in which barter was seen as a simple form of the latter. Gift was concerned with social reciprocity

(Mauss, 1954 [1925]) – that is, with the strengthening and increase of social relationships – and in this type of exchange the transfer of goods was more a symbolic token of a relationship than an end in itself. This could be seen particularly clearly when what people exchanged was 'the same' goods – say, pigs given in return for pigs. 'Gift exchange' occurred in societies dominated, even entirely mapped out, by kinship relations. In Lévi-Strauss (1969 [1949]) the Maussian theory of the gift was reformulated to propose a grand explanation of systems of marriage in Asia, ranging from elaborate cycles of transfers of women and goods linking many social groups ('generalised exchange') to narrow, bilateral exchanges of women which were held to result from the breakdown of the long cycles ('restricted exchange').

Barter, on the other hand, was held to have no such social rationale. It was defined by the interest of transactors in the goods themselves and therefore always involved the exchange of different items. The assumption was that bartered goods were consumed rather than traded on, and therefore the transaction implied no further links and indeed might never be repeated. In the influential writings of Sahlins (1972) barter was discussed separately from trade and trade networks, and thus was seen as a simple bilateral type of transaction. 'Stone-age' trade, on the other hand, was understood to be motivated by 'social' considerations, evidenced by the artificial construction of needs for the goods of other peoples,[1] relative lack of interest in the costs of production, set exchange ratios, long-term partnerships, and so forth. Sahlins' curious disjunction between trade and the ignoble activity of barter was perhaps an artefact of the English language and the historical connotations of the term 'barter' going back to Adam Smith (1776, 1, p. 17).

New studies of barter in a range of non-industrial societies in the 1980s undercut this notion of radical contrasts in principle between barter and trade and gift (Humphrey and Hugh-Jones, 1992). It was shown that barter in real (especially agricultural) contexts is first likely to be delayed (i.e. to operate on a credit basis) and second to be repeated with the same partners. Barter therefore demands a high degree of trust, and therefore tends to be conducted with kin or within other existing reliable relations. It was further discovered – for example, in highland Nepal in the late 1970s – that barter may create trust (Humphrey, 1985). Transactors would seek to obtain new goods by extending links outwards, establishing partnerships with hitherto unknown people and sacralising them as

[1] It was found that people who could perfectly well make some object did not do so but preferred to trade for it with another group, which suggested that trade was really a means of making a relationship with the other group (see Gell 1992, p. 148).

ritual friends (*mith*) in order to create a lasting and reliable relationship. This in its turn had subsequent social implications, since the children of *mith* partners were forbidden to marry, as if the two had become kin.[2]

More generally, it became clear that relatively stable systems of barter between functionally differentiated groups have operated over long time periods – for example, in the Andes, Himalayas or inland Amazonia. The rates of exchange and even the goods might change, but the relationships, at the level of exchanging partners, villages or ethnic groups, remained more or less constant. Barter thus served to link any given group with a number of others through series of dyadic exchanges. In a radically innovative paper Gell (1992, pp. 142–3) argued that these exchanges, rather than 'ceremonial gift', could be socially foundational. Opposing Lévi-Strauss who saw marriage exchange as the primordial transactional form from which all others might be conceived as deriving 'after the Fall' as it were, Gell argued that the really primordial transactional modes are swapping (barter) and sharing (provisioning motivated by moral obligations). In Melanesia, Gell wrote, ceremonial exchange is a 'later' hybrid of these two, derived in particular from the ideational template and the material resources of barter trade. Gell is suggesting (1992, p. 146) that it is the *social context*, not the bargaining character of the relationship that differentiates ceremonial exchange from barter trade.

As for inter-group trade itself, ethnography from several regions suggests that it is the social content of exchange partnerships that limits their spread - and that this social colouring is an artefact of economic rationality in the given context. In highland Nepal, not only were certain potential transactors excluded from trading partnerships (being seen as competitors, producers of like goods), but the necessary trust could not be easily created at a distance without modern means of communication. Furthermore, the setting up a ritual friendship at the margin of one's operations was a costly business. In an earlier paper on Nepal (Humphrey 1985), I deduced from this that barter trade on credit implies pockets of exchange, but a general lack of flexibility, in the economy as a whole – i.e. economic non-integration or disintegration. The same general observation about barter has been made for contemporary Russia by Makarov and Kleiner (1996, p. 22).

[2] In Highland Nepal, certain ethnic groups use barter deliberately, rather than money. In part this is because they wish to maintain a distance from the Nepali state and its taxation and in part to preserve trade (necessarily by barter) with kin and long-term partners living in Tibet. If they had been trading primarily with a money medium the need for long-term partners (*mith*) would be less, since the function of the latter is to produce a regular solution to the 'coincidence of wants' problem, which is far greater with barter.

The spread of the barter mode of transaction at the expense of the money one leads in the end to the disintegration of the economy into weakly interacting chains that are unstable in themselves. In the absence or weakness of a unifying link between the various divisions of the economy like money, the economy loses elasticity and productive resources lose their mobility.

A new insight into the social relations that may prevail in barter came with studies of its political (broadly understood) context, and this also has direct relevance for the situation in Russia. Although barter in principle implies that the transactors are equivalent *economic* agents who balance their desires in the deal, the actors can be very unequal in the wider political–economic context (Hugh-Jones 1992).[3] In both contemporary Russia and most non-industrial societies there are no external sanctions for reliable behaviour on the part of the powerful agents. In such a situation, I suggest, relations of dominance/dependence may take the place of trust in ensuring that payments are made.[4] As Strathern (1992, pp. 175, 188) points out, in highland New Guinea both 'the gift' and barter involve a prior coercion and the ability of one side to extract items from the other. The general message of both Gell and Strathern is that barter and ceremonial gift exchange in non-industrial societies may be more like one another than had previously been imagined, and they agree that it is not a matter of harmonious reciprocity in either case. But Strathern argues against Gell's idea that transactors are totting up amounts quantitatively. Rather, exchange, even barter she implies, involves comparing the *powers* of either side, exteriorising one's internal capacities in the form of material objects:

> There are recognised strategies for keeping back items to produce at the right moment, for claiming to have wiped oneself clean, for what it will take to persuade someone - or get away with extortion ... Uncertainty is reinforced at every stage. Far from exchange relations providing some secure integrative framework, they problematise interactions by challenging persons to decompose themselves, to make internal capacities external (Strathern 1992, p. 188).

This being said, it does appear that there are historical and regional differences in the degree of rancour, as opposed to concord, manifest in exchange relations. In some cases, such as highland Nepal in the 1970s,

[3] In gift exchange and barter, no social equality is implied in the agreement to transact, only the formal equivalence of each partner as an agent about to act (Strathern, 1992, p. 188).

[4] Trust could coexist with inequalities of power in certain circumstances. The weaker partner might trust the stronger to act correctly in an open market situation – e.g. an individual would trust a bank not to fiddle her account statement if she knew that the bank would lose customers by acting dishonestly. This condition does not however, apply, in Russia at the present time.

barter can be seen as a system or equilibrium characterised by the actors themselves in a positive light (new partners are brought in as 'friends' to be welcomed and treated as quasi-kin), but in others regions, such as lowland New Guinea, barter takes place in a constantly reproduced situation, or equilibrum, of largely negative relations, uncertainty and coercion. The signs are reversed, as it were.[5]

What we can perhaps deduce from this is that barter promotes the creation of carefully husbanded mutual trust when the transactors are independent people (or groups) with more or less the same clout; but when the social context is one of inequality and aggression, coercion dominates over trust; coerced exchange does not remedy this situation but exacerbates it. This distinction between the prevalence of coercion and trust is far more relevant to the Russian case than the earlier contrast between 'commodity' and 'ceremonial gift' exchange. All the evidence suggests that barter in Russia takes place amid increasing inequality and in an atmosphere of widespread social anomie and suspicion of unknown people. Nevertheless, it is important that in practice, although coercion or trust may generally prevail in a given region, any actual economy in all its diversity is likely to combine both strategies. Barter in Russia seems to produce a particular, limited kind of social integration, limited both in the sense that barter chains are discrete and in the fact that relations between partners do not escape the fraught environment around them.

3 Some anthropological observations on barter in Russia

During 1992–99 there was a more or less constant increase in barter, rising to over 50 per cent of declared industrial sales in July 1998.[6] In some areas of the country, taking into account all sectors, including agriculture, small business and entrepreneurial trade, barter was between 80 per cent and 90 per cent of all transactions in summer 1998.[7] The

[5] Strathern in fact means to distinguish between two kinds of coercion. First, there is the formal fact of having to elicit wealth from someone in 'gift exchange', where the initial solicitory gift carries an obligation to make a major return gift. In this formal sense, 'gift exchange' is always extractive. Second, there is the separate matter of whether relations between partners are hostile or not, prevaricate, cheat, and so on. In the latter case, the coercion is extra pressure laid on by a dominating partner in antagonistic circumstances. (Marilyn Strathern, personal communication.)

[6] *Russian Economic Barometer*, based on a survey of 500 industrial firms, quoted in Roaf (1999). The volume of industrial barter went down slightly from July 1998 to January 1999.

[7] According to businessmen from a wide variety of firms in the Buriat Republic, summer 1998.

prevalence of barter is increased by the fact that some local governments take payments in products (though tax in kind was made illegal according to Federal law in 1998) as do major energy, gas, and transport companies.[8] Vast disparities in scale are encompassed by the term 'barter', from large transactions between the central government, provincial governments and the army,[9] to tiny swaps between householders. Furthermore, the situation is disparate in the various regions and volatile. So overall explanations are not easy. In this chapter I confine my discussion to two topics: (1) the social character of the barter chains and (2) the socio–political factors that help reproduce them and influence the way they work.

Widespread as it may be, barter in Russia does not consist of an undifferentiated network of transactions, but of several types with their own characteristics. Besides the simple one-off swap, there are three types of more complex arrangement designed to get over various practical problems brought about by barter (notably the non-coincidence of wants).[10] (1) *Lineal barter chains* consists of a series of discrete swaps, where the chain aspect consists of the strategy whereby a given product transfers through intermediaries to the consumer. The motivating question here is something of the kind, 'How do I as a remote farmer get hold of batteries?' (2) *Star-shaped chains* have a trader at the centre who makes a series of deals between himself and a number of other firms in order to convert the product he starts with into the good he wants (usually money). The question for the trader has the form, 'I've got railway sleepers, how do I turn them into money?' (3) *Circular chains* occur when a given transactor creates a debt with another (by handing over some item or service) and makes sure the debt is handed on from firm to firm until it returns to him in the form of the good he wants. The question here might

[8] In April 1999 only 15 per cent of payments to Unified Energy Systems (EES) in Russsia were made in money, though this increased to 28 per cent in June. This information was provided in the context of a promise by the Russian government to the World Bank that it would eliminate barter by 2001 (*RFL Newsline* 26 July 1999).

[9] In September 1998 it was reported that the central government was devising a system in which *oblasts* and republics with developed agricultural sectors would supply food to army units stationed on their territory in order to pay off debts owed by the regional administrations to the central government (*Nezavisimaya Gazeta*, 11 September 1998).

[10] The three types are a simplification of complex relations in respect of timing, onwards marketing, part-payment in money, the involvement of foreign currencies and banks, and so forth (see Kobushko and Ponomarev, 1989). I do not discuss here international counter-trade, within which the term 'barter' is used technically only for the simple form of immediate, bilateral goods-for-goods exchange. However, within Russia *barter* is used in ordinary language for the whole range of transactions without money or mainly without money.

be, 'If the brick-factory will take my coats, who will take his bricks [repeated for further deals in the cycle] until I end up with a computer?' (See also chapter 10, where (1), (2) and (3) are illustrated.)

It is the first of these types, the lineal chain, that is most similar to barter trade in a non-industrial context like highland Nepal, for in this case the wants of each transactor are satisfied at each deal. (The other two types of chain found in Russia are not paralleled in the ethnographic literature, as far as I know.) The lineal chain is made up of a number of bilateral deals. Now in any circumstances it is in the interest of the first seller and particularly the final buyer to shorten the length of such chains, since this is how they avoid losing value to middlemen. In both Nepal and rural Russia, the buyers try to solve this problem by making personal journeys to acquire goods. But if we take a closer look at even such a simple solution, we immediately face the complexities of given socio–economic and cultural contexts. In Nepal, people are prepared to walk for days carrying heavy baskets slung from their foreheads to reach an exchange partner. In fact, these treks are regarded as pleasurable affairs, often taken in company at a leisured pace, with stops at friends en route, and anticipating a known destination with an enjoyable battle of wits at the end. In Russia it is quite different: the distances are too great for walking and the goods required often too bulky, people are aggravated that bus fares have shot up and they will not (or cannot) pay them. A lift must be scrounged, but even this favour must be repaid. In the end, transactors like farmers often resign themselves to staying at home,[11] paying over the odds in meat or corn to middlemen, with a great cloud of resentment at the unfairness hanging over the deal. At the other end of these chains, factories often do not sell directly to retail outlets but have recourse to middlemen because they have no knowledge or facilities for reaching customers. They too are irritated. 'Are we expected to produce goods *and sell them too*? How are we to do that?' they exclaim.[12] In other words, the particular character of bilateral deals is conditioned by the context of present Russia, and I now briefly mention some salient features of this.

First, the *social bases for extensive trust* are far weaker in Russia than in 'traditional' societies. Ramifying kin links, tight-knit village or ethnic communities, institutions of 'ritual friendship', etc. may be present in some areas but they are not general. Second, no one forgets about money in Russia just because it is no longer available for widespread

[11] As a result, bus services are cancelled and/or the fares go up even more.

[12] This kind of remark was made by a variety of producers, from factory managers in Moscow *oblast* to farmers in Buriatiia (Summer 1998).

use. Goods are always *evaluated at money prices* before they are exchanged and professional traders would always prefer to have money than any other good.[13] Third, the *range of goods both produced and desired* is incomparably greater, so barter has to 'cope' with everything from Chinese thermos flasks to industrial cellulose. Fourth, the Russian economy is more insecure and volatile. The accustomed Soviet-era flows of goods according to centrally derived plans have evaporated. Massive inflation, unprecedented imports, breakdowns of transport, lack of legally sanctioned security and sudden impoverishment all discourage investment and promote the pursuit of *immediate gains*; and this, in a society accustomed to future-oriented values (the five-year plans) creates an atmosphere of anger and incomprehension. So barter is conducted amid prevailing mistrust. Though possibly less so than monetary exchange,[14] it nevertheless involves perceiving other people's lack of resources, ignorance or inefficiency in order to make a profit, and it evokes constant fears of default or cheating or theft.

The social content of barter relationships can be seen as bulwarks constructed against these very fears. In this respect, despite the colossal difference in the scope of insecurity, Russian barter has something in common with the precarious trade between warring tribes described by anthropologists for old Melanesia.[15] Let us again take the case of lineal chains, for here in both Russia and Melanesia the 'trade partnership' is the key relationship. (I am excluding at this point ad hoc, one-off deals, which are common in Russia, or the barter markets known in the New Guinea context; we are now discussing repeated deals for goods in constant demand.) As Gell observes (1992, p. 159), in the trade partnership each side guarantees, as far as possible, the safety of the other in their mutual trading activities, and this is the necessary condition for the ongoing existence of commodity exchange. He continues:

> Traders do not meet to exchange compliments, but to exchange commodities; the voluntaristic amoralism of a partnership 'against all the world' can only be sustained through the transactional schema of object-exchange, because, lacking 'personal' referents, the relationship can only be established with reference to

[13] This is so despite massive inflation during the 1990s, showing that people prefer the freedom of choice given by money, despite its insecure value (see the discussion in Makarov and Kleiner, 1996).

[14] It might be argued that monetary transactions have more potential for ruthlessness in the abstract than barter, since in the former case anything may be reduced to a price, while in the latter each side has to pay at least some attention to what the other partner really (substantially) wants.

[15] Unlike in Nepal, it seems that Melanesian inter-group trade does not involve affines (kin by marriage) or ritual friends.

things, which are all that the parties to it have in common. In exchange, objects are focalised, quantified, valued, and so on; and there is recognition of debt, credit and reciprocity. It is the transaction of these objects, now commodities, that sustains the partnership.

This is apt for the Russian case, even though barter here is a relatively new phenomenon for individuals:[16] traders talk of the difficulty of finding new partners, how they keep the same partners for years on end and explain how they take care of the safety of visiting partners. Transactors are named colloquially by the goods they produce and trade, the *neftaniki* (oil), *lesoviki* (wood products), *gazoviki* (gas), *energetiki* (electricity), *zheleznodorozhniki* (railway tariffs) and so forth.

Gell goes on to say about Melanesian trade (1992, p. 159):

> Because the partnership-relation is valued as an end in itself, the objects involved carry a symbolic charge stemming from this source: they are over-valued because their presence evokes a valued relationship and a privileged kind of social interaction. Where there could be enmity and danger, lo! there is this shell, the axe.

In Russia too, the goods derived from such partnerships are over-valued, but with a crucial difference from Melanesia. The over-valuation is a grudging and quantitative matter. 'I have to pay about 2 per cent for the acquaintanceship (*za znakomstva*)', one businessman put it.[17] We are led to conclude that the barter partnership in Russia is not so much valued as an end in itself, but as a necessary relational expedient for conducting business. Furthermore, all partnerships involve a sort of inevitable irritation most of the time. This is because, as compared with the Melanesian economy, the proportion and variety of goods traded is vastly greater and it is unlikely that your partner can supply precisely what you need. Each side wants to consume, mainly because trading onwards involves trouble and expense. Barter partnerships thus exist as consumption-oriented, yet suspended in an atmosphere of frustration, because everyone is conscious that if only they had money (especially dollars) they could defer the infinity of their desires without trouble. The important point, however, is that the instrumental character of the trade partnership, together with the 'voluntary amoralism' noted by Gell, does not make it any less 'social'. On the contrary, such partnerships are an increasingly prominent part of the social landscape.

[16] This is reflected in the foreign vocabulary used, notably the English terms *barter* and *partner*.

[17] In other words, he gives around 2 per cent extra value for goods exchanged with his regular partners as compared with 'market' prices. Market prices are discovered at any particular moment from phoning wholesale depots, scanning newspaper lists of prices, and so forth.

It is interesting therefore to think about these highly equivocal trade partnerships in relation to the social constitution of the wider economy, including workplace relations and household economies. In the workplace there is still the idea of the *kollektiv*, a matey egalitarianism just about surviving from the Soviet era, which largely precludes taking advantage of co-workers. Household economies are based firmly on kinship, and they imply sharing or the moral obligation to provision others in kin relations to oneself (see Gell, 1992, p. 152). It is significant that both the work *kollektiv* and the family can be used to form the membership of a trading firm, but they do not provide a basis for barter partnerships, at least among Russians. Indeed, trading and its hazards is said to be antithetical to the moral obligations of kinship.[18]

There are also gender implications of the culturally specific ideas about trade in Russia. Probably different ethnic groups vary in this regard (we still do not know enough about this), but from what I could observe among Russians and Buriats, barter trade is overwhelmingly done by men and is seen as 'male' in its requirements for calculation, aggression, travelling and trickery. The classic exchange partnership – let us say the trader who swaps Russian timber for Chinese foodstuffs, or the farm manager who deals his meat for spare parts – is one between men, and the middlemen dealers who service the large industrial firms are known even in the economics literature as 'the boys' (*malchiki*) (Makarov and Kleiner, 1996). In part this relates to the unwieldy practical nature of barter – all those goods must be transported, stored, or guarded – and the existing male domination of the professions of truck-driver, security guard, rail manager, and so forth. But more ideationally, the barter partnership is an opportunity for demonstrating individual bravery and hardness in what everyone assumes is the intrinsically jungle-like 'market'. The post-Soviet 'feminisation' of the gender notions of women, by contrast, encourages women to retreat to the domestic economy, and when they do engage in barter this is often seen as something forced on them by dire poverty and as an aspect of provisioning. It is true that barter, because it can be done in private, arouses less shame for women than public selling at a market-place (Hohnen, 1997). Nevertheless it does appear that the ideological contrast between 'amoral' trading and 'moral' provisioning is being mapped with reference to gender stereotypes, and the effect of this in turn is to influence the character of barter. For here social relations – wary 'male' interplay through the medium of objects – are coming into

[18] This has two aspects. On the one hand, people say they cannot afford, as it were, to risk valued kin relations in the cutthroat world of business. On the other, kin may make implicit demands (to be provisioned) that are incompatible with the *quid pro quo* of the trade partnership (see discussion in Humphrey, 1999).

being that are no longer mediated by the morality of social reproduction, whether of the workforce *kollektiv* or of the domestic household.

Circular chains, being based on the transfer of debt, might seem to call into being at least the positive value of trust. One might even imagine an extravagant analogy between circular barter among firms and the Lévi-Straussian 'generalised exchange' whereby women ('the supreme value') pass onwards between clans. The trust in either case would be a product of a system whereby any given actor must render payment to one group, while receiving from quite another group. The analogy, unfortunately, is largely false, although it is instructive. In 'generalised exchange' the system rests on society-wide acceptance of a marriage rule (matrilateral cross-cousin marriage) that sends one's own sisters outwards on one side and pulls in brides on the other. Such a socially acknowledged rule does not exist in circular barter. Circular barter chains come into being not as a result of an unfocused 'general' social agreement, but at the behest of a particular firm that tries by this means to exchange some object it want to dispose of for something else that it desires. As a result, the sanction for keeping the chain going is something that must be imposed by this firm rather than a commonly acknowledged rule.

In the abstract one might imagine that all firms' desire to be seen as reliable would ensure repayments (a situation in which an economic model of self-enforcing norms would be a possibility).[19] But the ethnography is clear: large firms are frequently kept going through political patronage even when they are bankrupt and do not pay up, and small firms operate in a situation of ignorance about one another's viability. If being seen to be reliable is a sanction, it is not a very strong one. In fact, default is common and chains break down.

Now it is true – and this is what is instructive – that Lévi-Strauss points out that 'generalised exchange' is also inherently unstable: women are always bunching up in some part of the cycle, lacking in other parts, inequalities are generated, and this leads to breakdown of the circular aspect of the system. Matters may even degenerate (in other words, a social evolution may take place, though Lévi-Strauss does not quite describe how) to disintegration of the system and its replacement by endogamy (marriage inside one's own group, as in India) or the relatively fail-safe custom of swapping wives (bilateral, restricted exchange). Now analogous problems exist for the barter cycle: a firm may hoard, rather than pay the debt by passing on goods, or the holder of a particularly desirable object may swap it advantageously outside the circle instead of

[19] See discussion in Dasgupta (1997) on the use of game theory in economic models, proving that no external agency is required to sustain cooperation within groups.

passing it on to the next in line at the arranged price. It is precisely these problems, in the Russian context, that require us to think again about what 'trust' might mean.

The bottom line of trust from an economic point of view reduces to being sure that the said goods exist, that they are in the declared quantity and quality and that payment of them will be made when promised. This kind of trust has no external moral referent outside the deal itself and the belief generated by partners in the truth of one another's statements. Written contracts in Russia often bear only passing resemblance to the actual agreement (being designed for tax office eyes). Perhaps one could almost see them as expressive documents, demonstrations of law-abidingness; and this would be more of a political statement than anything else, for contracts are hardly ever enforced by law. 'Trust', it is clear, rests somewhere else. What actually happens is that companies are structured so that a particular manager in the initiating firm is given charge of his own chain, and then he travels along it, visiting and persuading his counterparts, taking gifts, arranging dinners, inviting the secretary out for an evening, and so forth. The chain requires constant servicing. 'Trust' here reduces to something that is induced by blandishments and it has a highly oral, 'personalised' (yet at the same time, impersonal and object-focused) character.

When such chains threaten to break down, the task of ensuring payment shifts up from managers to directors, who call upon friends, using 'trust' in the common sense of the word. This can be based on a shared sense of social standing and common difficulties. As one Vice-Director of a large firm in Moscow *oblast* (region) said:

> I have personal relations only with other directors. We in Russia have the deeply collective (*sugubo kollektivnaya*) idea of mutual gain (*vzaimovyruchka*). If I turn to a Vice-Director in another firm, he'll help me just because I am also a Vice-Director. For example, I'll ring Vice-Director Shokarev, who helps us with the technical supplies for transmission-belt production, and say, 'I have a difficulty, I can't pay right now, do me a prepayment, please help me, give me a prepayment for 5 or 10 thousand items and I'll promise to pay for them by the end of the month.' And because I address him as Vice-Director and I am also a Vice-Director, and he also has difficulties in his life, he agrees and I can write him a letter saying I have taken the 10,000 parts. If we did not have these personal relations, he would not have done that.

The relationships within a barter circle are unlikely to be even – that is, to be similar between each of the companies. This is because the firms differ in size and clout and in their need to make these particular arrangements at all. In barter, some firms will always experience a given agreement as what they call 'forced' – i.e. to sell their products they must accept goods they do not want but have to trade on in order to acquire what they need (see Humphrey, chapter 10 in this volume).[20] Although circular chains in principle could avoid this problem, in practice, because the volume of the trade is determined by the debt of the initiating company, firms down the line may have to accept either more or less goods than they need and then to have to 'waste time' making extra deals outside the chain to dispose of the extra goods or acquire the ones lacking.

We can see the elements of coercion even in the notion of 'forced' barter, and it becomes overt when, as often happens, the initiating 'firm' in a circular chain is the local government. An example of this kind of chain is given in Ledeneva and Seabright's chapter 4 (see box 4.3, p. 102), where the Kurgan provincial government, acquiring buses, is part of a chain taking in the Urengoi *Gaszprom* deposit, the Chelyabinsk metal complex and the Nizhnii Novgorod automobile plant, these being located hundreds of kilometres apart and in different administrative regions. It is not that the local government is always in a dominating position in such deals, more that the involvement of government raises the stakes and politicises the circle. Roaf (1999) points out that administrations themselves may be subjected to 'forced' barter by powerful companies that are unable to meet their tax obligations in money, or have made a deal with sympathetic or corrupt officials. The skewing, or non-commercial enforcement, of deals down the chains organised by governments occurs because certain companies are supported for political reasons. Often this is because they are large employers, but it can occur because their directors are 'friends' of the politicians in power. These are the hidden links, often going back to Soviet times, that I referred to earlier (relationships traceable back to supply links under the plan, or to service in the army together, or attendance at the same educational establishment). The effect of all this is that hierarchies develop in established barter chains (as in Lévi-Straussian 'generalised exchange'), allowing dominant enterprises to squeeze weaker ones through threat of exclusion from the chain (Roaf, 1999).

To sum up, unlike the seasonal rhythms and accustomed sociality of barter in Nepal, barter in Russia is an unstable construct. It is not on the whole based on pre-existing social relationships (even if actors sometimes have recourse to them), and probably that would have been an impossibility given the complex, industrialised nature of the economy. Rather, barter in Russia creates its own relations, notably the 'exchange

[20] Roaf (1999) quotes a Russian source reporting an average share of forced barter of 40 per cent of the total volume of barter deals, with the highest proportion occurring in the firms most heavily exposed to barter.

partnership', a relation which wavers between 'trust' (a concocted kind of trust) and more or less open coercion. In the final part of this chapter I look at the socio–political configurations that support the continued existence of barter, and examine how the nature of barter relations contributes to this continuation.

4 The social bases of the barter economy: the case of factory directors

Makarov and Kleiner argue (1996, p. 26) that it is not only the relative lack of circulating money that keeps barter alive in Russia, but barter's 'solid social base'. This consists of three social groups whose interconnected ongoing existence depends on the continuation of barter and who therefore are actively interested in its maintenance. The first is the *middlemen*, 'the boys' whose way of life rests on exploiting the sales problems of manufacturers and the purchasing problems of workers who are not paid in money. The second is the *directors of large failing production enterprises* who have recourse to bartering their goods at low prices rather than going bankrupt. The third is the *financiers*, the large holders of money, who make profits not only by extracting money from businesses that pay their workers in kind, but also from financing the first group, the entrepreneurs.

Makarov and Kleiner show that the decisions taken in these groups are, if one can put it this way, 'excessively economic' (in the caricature of economics of anthropological jargon). In a brief chapter it is impossible to examine this in any detail, but let us take for example, the directors of factories who do not pay their workers in money. This often happens not because they cannot pay, but because *they do not want to* (Makarov and Kleiner, 1996, pp. 27–8). Now in Russia, no less than in any other industrial country, the expectation is that if you work in a factory you are paid in money. These directors are undoubtably breaking a social norm, and the simple explanations – that the law allows this,[21] that trade unions are weak, or that the directors are greedy – cannot be the whole story. Greed, after all in such situations, is not an ungovernable instinct but a way of conducting a social relation. As Dasgupta points out (1998, p. 12):

> You can entertain personal aspirations and have needs without being greedy or self-centred. It is entirely possible for someone to be concerned with their own self, while at the same time to abide by norms of behaviour pertaining to

[21] As of mid-1998, the law did not require that the payment of wages would be the first claim on the accounts of an enterprise, MBT home page <http://www/trud.org.index7-10.htm>.

production and exchange, even when the risks of violating the norms are negligible; ... Internalised social norms of behaviour work by making people feel good about abiding by them.

Evidently, the 'greed' of the Russian directors goes beyond such personal aspirations and it is relational because it exists to the direct detriment of the interests of workers. The outrage felt by workers can be seen from the extreme measures they are prepared to take in protest (hunger strikes, etc., see the ITAR–TASS report on 15 September 1998 that workers at a power station in Vladivostok had taken their managers hostage until back wages were paid in full). Makarov and Kleiner (1996, p. 28) explain what is happening by the breakdown of vertical ties within the enterprise and the corresponding solidification of horizontal ties between managers at similar levels of different firms. In effect, the directors have removed themselves from the *kollektiv*:

The forces of attraction of directors amongst themselves are much stronger than those between directors and workers in the same enterprise. The 'artel' or paternalistic form of industrial production formed over decades is now giving way to a hidden or open opposition between directors and workers.

Makarov and Kleiner point out that the social hierarchy so generated is one of administration or control (*upravleniye*), in which the horizontal links are between directors or managers of firms that make goods in adjacent stages of the production process. These are precisely the people involved in barter partnerships.

There must be many reasons why the vertical relations within the *kollektiv* are beginning to break down (it should be emphasised that this is a tendency rather than universal). The matter is complex and requires further research, but one factor must be the directors' perception that the expectations of workers belong to a previous era and therefore can be disregarded: for example, workers' assumptions that they belong to the enterprise and should not be sacked, their expectation of costly social services from the firm, their lackadaisical working practices – in short, the general feeling among directors, whether justified or not, that workers are a weight to be borne.[22] I argue here, however, that the character and practices of barter partnerships also serve to separate directors from workers. It is the directors who do barter on behalf of the firm, and for this they require access to wide information and an externalised perspective that usually only they have. This, as Makarov and Kleiner point out (1996, p. 29), raises their status in the company and gives them the

[22] Directors often aspire (or claim they do) to the notion of an efficient market economy, governed by the rule of law, and unencumbered by socialist 'survivals'.

illusion that they are irreplaceable.[23] Also, because barter, to a far greater degree than money transactions, is conducted by face-to face deals on the base of oral promises, it works through exchange partnerships that do in fact make the directors non-substitutable by other people.

The directors hold in their hands the flows of goods, and these take on a life of their own (this happens because incoming goods often have to be traded on – such as the institute 'producing' engineers that turned in effect into a trading firm bartering clothes and other goods with China, see chapter 10 in this volume). The wealth generation through barter may be greater than that through production, and in the case of firms that reduce rather than add value by their production (see chapter 6 in this volume), barter may be the *only* generator of wealth. This wealth has quite different, even antithetical symbolic connotations from that generated by the 'honest toil' of rugged home production: here we are concerned with the results of daring deals. This way of thinking may expand downwards into internal relations, for the wages of the workers are transformed into elements of the barter calculus when paid in goods; rather than pay out money to employees you barter in food, clothes, etc. to pay them and thereby make a profit for the firm. Moreover, other economic strategies, such as investment, are discouraged by Russian conditions. The precarious income of many companies, often reduced to trying to sell incoming barter goods before being required to pay back, renders investment out of the question for them. Thus, the internalised norms of the directors may be given an honourable appearance ('surviving in the "wild market",' which also has symbolic connotations of masculine heroism) while constantly operating to the detriment of the employees. For all these reasons directors' interests separate out from those of their employees. From the social point of view, the important point to repeat is that a kind of relationship has come into being, the trade partnership, that is not only disjunct from the reproduction of household economies, as described earlier, but also from the reproduction of the *kollektiv*. The influence of such a type of relation spreads: workers too, being paid in products, have recourse to barter in their own economic surroundings.[24]

[23] Soviet enterprises always were hierarchical and in part the current social separation of directors may be due to the fact that the Soviet *nomenklatura* (register of accredited 'bosses' in production and administration) has maintained its place in many state and former state enterprises. Makaroff and Kleiner are, however, making the point that barter requires additional and more active networking by directors than under the previous system, when goods were distributed by order from state planning departments.

[24] Sometimes employees sell by the side of roads, or swap with workers in other factories, but the most usual method is to set up a relation with a trader who will sell the 'wages' for money at a market.

In sum, the label of 'greed' would by no means do justice to the complexity of the directors' thinking. The sense that they are living in a peculiar historical period, because they know from their own experience that the Soviet social system had a temporal existence, enables Russian economic actors to stand back from their practices even as they live them out: 'uncivilised' barter for them is often contrasted with the idealised future of an economy governed by the rule of law. Yet the logic of barter in the Russian context is to promote immediate consumption, whether of money or anything else.[25]

5 Conclusion

Anthropologists would not deny the importance of economic studies of barter showing how it functions to distribute products through an economy, or demonstrating, by comparison with money transactions, its disutilities. They would bring to the fore, however, something different: how barter in given socio–historical contexts creates certain social relationships, and anthropologists would try to understand the cultural and symbolic aspects of these in relation to other forms of social organisation. I have argued here that barter in Russia creates 'exchange partnerships' which, sliding between trust and coercion, engender a 'male' quasi-solidarity that has symbolic values of bravery and self-sufficiency in what is assumed to be the wild, harsh arena of 'capitalism'.

But for barter, there would surely be a wide overlap between anthropological analysis and that of micro institutional economics, for the types of relationships emerging in barter would be part of an economic analysis of the emergent features of communities and societies derived from 'millions of decisions made by individual human beings' (Dasgupta, 1998, p. 4) and such relationships might be seen as 'social capital' in the kind of economics that uses that idea. The general difference between the two disciplines is that anthropologists usually do not see individual decisions as giving rise to institutions, but rather interpret the latter as having their own 'social' existence, with their own rules, resources, constraints, and sanctions, etc. operating through common understandings. The case of barter in contemporary Russia, however, which has come into being in its present form only in the last few years, calls such anthropological assumptions into question, for barter here is 'emergent' and is not yet an 'institution' of the kind that is reproduced over generations

[25] Another reason for this tendency towards consumption, apart from the difficulties of trading (setting up new partnerships) and investment, is that it is difficult to save money, since bank accounts are sequestered for high and numerous taxes.

(indeed, it may disappear quite soon). In this respect, anthropological and economic analyses might look quite similar.

However, what the anthropologist would try to discover is specific features, such as notions of appropriate economic behaviour for men and women, the expressions of domination and submission, the leeways given, the unspoken assumptions (and disagreements) about values – in short, the whole conglomeration of what Hertzfeld (1997) has called 'cultural intimacy', that in a given social context makes barter relationships what they are. The point is that these assumptions do not pertain to economic activities alone, and anthropologists would be interested in the cross-overs and boundaries created by them in respect of other aspects of society, rather than restricting a research topic by some analytically created definition of 'the economic'. This is why I have tried to highlight (in a schematic way, it is true) the place of trade partnerships in a wider social and political landscape. Barter practices have been dynamically creating a new kind of relationship which seems to be acquiring a life of its own.

Nevertheless, the different contexts and motivations of barter, beyond the immediate transaction, indicate that these barter relationships, while having common features, are not 'all the same'. For example, there is a possibly superficial but nevertheless locally remarked upon ethnic difference in how trade partnerships work between Buriats and Chinese (stronger trust because 'we are both Eastern peoples') and between Buriats and Russians (see chapter 10). Or there are the ideological implications of the kind of barter people now call 'forced' when the coercing side is in fact the weaker in the wider economic picture. In the 1980s this type of barter, which in effect forces the side receiving goods it cannot itself use to engage in marketing on your behalf, was extolled by Russian economists and promoted by the Chinese leader Deng Xiaoping as a means of 'democratic' penetration by socialist and Third World countries into international markets dominated by capitalist conglomerates (Kobushko and Ponomarev, 1989, pp. 35–6). Even now in Russia, the fallout from this kind of ideological thinking may be a factor in the continued allowance given to weak economic actors (collective farms, destitute factories) to go on paying the government and the utilities in kind. The same tolerance is not extended to entrepreneurial firms.

If understanding the everyday practice of barter partnerships can inform us about a new kind of social relation in Russia, examining barter in the broader socio–political context, including strongly held and lasting ethnic, cultural, or ideological assumptions, may help with the analysis of the more economic issues of how long barter will go on and whether, when the economy is re-monetised, similar relations will be perpetuated.

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