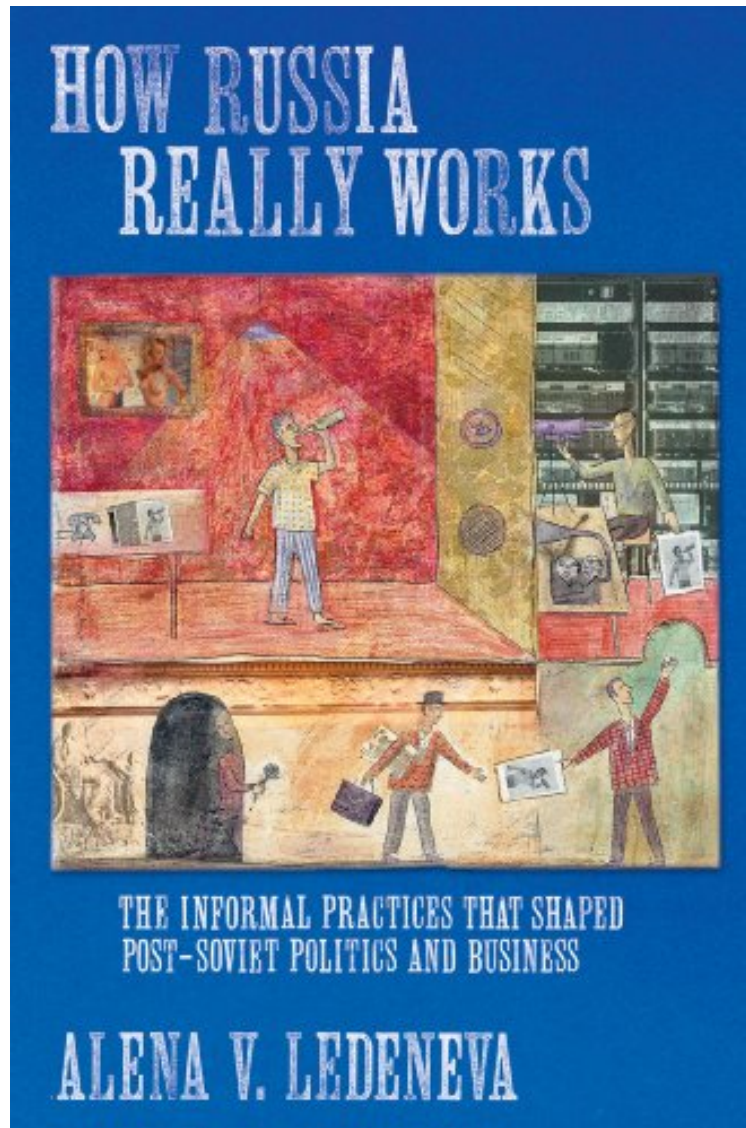


(Pdf free) How Russia Really Works: The Informal Practices That Shaped Post-Soviet Politics and Business (Culture and Society after Socialism)

## How Russia Really Works: The Informal Practices That Shaped Post-Soviet Politics and Business (Culture and Society after Socialism)

*Alena V. Ledeneva*

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**Alena V. Ledeneva : How Russia Really Works: The Informal Practices That Shaped Post-Soviet Politics and Business (Culture and Society after Socialism)** before purchasing it in order to gauge whether or not it would be worth my time, and all praised How Russia Really Works: The Informal Practices That Shaped Post-Soviet Politics and Business (Culture and Society after Socialism):

10 of 10 people found the following review helpful. She sheds a great deal of light on things in Ukraine, where I live

By Graham H. Seibert  
The strangest contradictions in Ukraine are between the very high level of kindness and trust among people in certain circumstances, and the fraudulent manipulation and absolute lack of trust on the other.

Ledeneva, a woman of Siberian extraction living in England, conducted several series of interviews in for representative regions of Russia to provide ethnographic description of what actually goes on. Her chapter titles pretty much tell the story. The first is entitled "Black PR." There is real democracy in Russia, in the sense that votes are counted and therefore matter. Public relations is important to influence the selection of candidates in an election, and to influence whether or not the populace gets upset about the treatment of a given person. Here in Ukraine, for instance, there was a strong black PR campaign during the elections of January 2010. Yulia Tymoshenko was painted as Jewish, among other things, in her stronghold in western Ukraine. She is now on trial on what most Western observers believed to be trumped up charges of abuse of office, stemming from a gas contracts renegotiated to end the impasse with Russia three winters ago. The Yanukovich government appears to be using whatever force is it can muster to smear her reputation during the course of the trial. The evidence of my eyes is that the numbers of her supporters who show up daily in downtown Kiev is small and diminishing. The public seems to be tiring of the show, which means that the president is winning. The second chapter is entitled "Kompromat," an acronym for compromising material. The legal system in Russia and Ukraine is so confused that almost everybody can be found to be in violation of some law or another at any point in time. Moreover, just about everybody involved in business has to resort to questionable practices just to get things done. Compromising material can be indications of such semi legal business practices, sexual improprieties, hidden wealth, or anything else that might be embarrassing. The interesting thing is such material is relatively rarely used in public; instead it is used to coerce a person to some desired course of action. The third chapter is entitled "Krugovaya Poruka," or circular support. The concept dates back 1000 years, to times in which it was easier for overlords to hold entire villages responsible for the behavior of individuals within them, and to assess taxes at the village rather than the individual level. This practice was ended, by degrees, in the last years of the czar, only to emerge in Soviet times among the more powerful. Everybody needed to keep their back covered, and in order to survive in the system when needed friends. This concept evolved into circles of friends, mutually compromised, and therefore in need of mutual support. There is a Russian expression "better 100 friends than 100 rubles." In an environment in which everybody is in constant violation of the law, as the book expresses "temporarily out of prison," one absolutely needs protection. The fourth chapter is entitled "Tenevoi Barter," or shadow barter. Because the official laws, especially the tax laws, are so confiscatory in nature, every business feels obliged to avoid reporting profits and to pay people, as they say here in Ukraine, "in an envelope" to avoid paying payroll taxes and withholding. The devices that they use include myriads of shell corporations and phony loans. Because few of these arrangements are documented, as their very nature is illegal, the system depends on a high level of trust among participants. These barter schemes are often used to move profits offshore. The fifth chapter is entitled "Dvoinaia Buchgalterii," or double bookkeeping. An odd fact about Ukraine is that there are 1 million accountants in a land of 40 million people. It is an absurd number. However, these people are essential for making sure that the tax authorities did not rob the company blind. To make it all work, they need several sets of books. There are the books that they show to the government, books that they may show to external investors, and internal books reflecting the real estate of the business. There may be different books for different government entities. In any case, the entire system is quite complex. A bookkeeper has to be intelligent enough to stay on top of everything, and has to have nerves of steel. Interestingly enough, when the authorities go after a company it is usually the chief executive and the chief accountant who are the primary targets. Finishing this book, one would think that it was impossible to do business in Russia, and by extension, Ukraine. Everyday observation contradicts this conclusion. A number of Western businesses operate reasonably successfully in Ukraine. A number of small businesses, even run by Westerners, succeed one way or another. The key seems to be recognizing the importance of personal relationships and the fungibility of legal systems and requirements. In any case, this is a book that belongs on the bookshelf of anybody doing business in the former Soviet Union.

2 of 2 people found the following review helpful. Indispensable for teaching on Russia

By Keith Darden  
A great book. For a country that relies so heavily on informal practices and hidden "rules of the game" and where even the role of formal government institutions cannot be understood properly without understanding the networks, blackmail, and informal structures of power, this book is essential reading. One used to have to lecture these topics as a supplement to what was written about Russia. Ledeneva's book(s) provide easy access to intelligent readers to a world that most of us only see through years in the field.

5 of 5 people found the following review helpful. A very helpful guide

By Leslie  
The Russian economy is extremely complex and rarely will you find a book that gives such an up-to-date clear picture of the present state of how things operate in this economy. It is extremely well-researched and well-written. I found that it tells a truth which very few people in Russia are at liberty to say for fear of reprisals. A very important book for anyone trying to understand contemporary Russia.

During the Soviet era, *blat*; the use of personal networks for obtaining goods and services in short supply and for circumventing formal procedures; was necessary to compensate for the inefficiencies of socialism. The collapse

of the Soviet Union produced a new generation of informal practices. In *How Russia Really Works*, Alena V. Ledeneva explores practices in politics, business, media, and the legal sphere in Russia in the 1990s—from the hiring of firms to create negative publicity about one's competitors, to inventing novel schemes of tax evasion and engaging in "alternative" techniques of contract and law enforcement. Ledeneva discovers ingenuity, wit, and vigor in these activities and argues that they simultaneously support and subvert formal institutions. They enable corporations, the media, politicians, and businessmen to operate in the post-Soviet labyrinth of legal and practical constraints but consistently undermine the spirit, if not the letter, of the law. The "know-how" Ledeneva describes in this book continues to operate today and is crucial to understanding contemporary Russia.

"This is an excellent account of informal practices that characterize and shape the political and business spheres of activity in contemporary Russia. . . . an important addition to our understanding of contemporary Russian affairs." Graeme Gill, *Russian*, April 2007

Alena V. Ledeneva has not only observed Russia's transition at first hand but is also a resourceful researcher. Her first book, *The Russian Economy of Favours*, dealt with usages which arose in the later Soviet period, particularly blat payments made in favours between friends and associates. Since then she has broadened her focus and developed her tools. In *How Russia Really Works* she manages to prise open the cover over the secret world a little more to peer at the scurrying life beneath.

Philip Longworth, *Times Literary Supplement*, May 11, 2007

*How Russia Really Works* covers a fascinating topical cultural analysis of the transformation of economic activity in Russia since the collapse of the Soviet state. Alena V. Ledeneva focuses specifically on the nature and implications of informal practices. This book is important and innovative, providing a unique ethnographic perspective on rarely visible informal economic activity and dispelling a number of commonly held stereotypes about corruption and illegality.

Alexei Yurchak, University of California, Berkeley

From the Back Cover

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—Alexei Yurchak, University of California, Berkeley

About the Author

Alena V. Ledeneva is a Reader in Russian Politics and Society at the School of Slavonic and East European Studies, University College London. She is the author of *Russia's Economy of Favours: Blat, Networking, and Informal Exchange* and the coeditor of *Economic Crime in Russia and Bribery and Blat in Russia*.