

## **FROM BARAKHOLKA TO SHOPPING MALL: TRANSFORMATION OF RETAIL SPACES IN ST. PETERSBURG\***

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### **Introduction**

This article investigates the changes in the post-Soviet urban space taking the example of retail spaces in St. Petersburg. All spheres of urban life - economics, governance, housing, public space - have experienced significant changes after the system shift from socialism to capitalism. Most visible are the transformations in the cities' retail and consumption spaces. New forms of retail space organization are emerging, particularly super- and hypermarkets and shopping malls, thus producing new geographies of consumption in the city that require new patterns of everyday interaction. The basic trend that has attracted my attention as a researcher is the creeping displacement of individual and small-scale trading from its traditional locations through the construction of chain stores or shopping centres.

In the official urban discourse this process is described as 'transition to civilised retailing'.<sup>i</sup> This transition has altered the format of the trade outlet, the goods sold there and, particularly importantly, the characteristics of vendors and customers and their interrelations. In general, the relations between vendors and customers are becoming more and more standardised, while 'non-standard' relations are either becoming illegal or being displaced to the periphery. The following thumbnail portraits of St. Petersburg's open-air markets can briefly introduce this trend.

### ***Sennaya***

Petersburg's Sennaya Ploshchad in the 1990s resembled a scene of utter chaos. The huge area in the centre of town, half of which was ringed with a fence due to construction works, had in fact turned into an enormous marketplace. All imaginable means of selling (from hand, from improvised stands, and permanent booths), all imaginable goods (food, clothes, technology, antiques) and all imaginable types of vendors (dossers, pensioners, criminals, entrepreneurial start ups) were juxtaposed on this one patch of urban space. Conducting business side-by-side, they created a whole mosaic of urban social types. Goods on this semi-legal

market went for prices lower than average for the city. All this took place against the background of Petersburg's historical architecture. This was one of the municipal authorities' basic arguments when planning to clean up the square, purge it of marginals and criminals, and 'civilise' its retail activities in the run up to celebrating the 300<sup>th</sup> anniversary of the city's founding (the period when the first concerted attempts were made to clean up the city). The reconstruction of Sennaya Ploshchad was one of the municipal authorities' main projects in this context. As a result, many of the traders were forced to relocate to the newly-built 'civilised' market areas, and those for whom this was either impossible or undesirable moved to the large flea market near the Udel'naya railway station on the city's outskirts. Two shopping arcades and four large roofed shop clusters were built on Sennaya Ploshchad. Sennaya Ploshchad was only the first market space to which the municipal authorities turned their attention.

### ***'Okkervil' market at Ladozhskaya metro station***

Another striking example is the open-air market, where almost the entire city purchased clothing during the impoverishment of the 1990s. People came from all over Petersburg to this market on the outskirts to shop for cheap clothes and footwear. Booths and car boots selling cheap goods imported by shuttle traders from Poland, Turkey and China had quickly taken over this large empty space beside the metro. Sometimes immigrants from these countries sold the goods themselves. Nothing here was superfluous to the market's only function: the sale of cheap goods without any pretence at providing enjoyment (you tried on clothes, for instance, in a corner of the selling point, behind a simple curtain or even just clothes hung up). The market looked a mess, with puddles and litter. Municipal authorities even decided once to fence off the market from sight in order not to spoil the first impressions of people arriving by car in St. Petersburg. At a certain point in time, however, simply fencing off the market seemed insufficient, and the decision was taken to relocate it to the

Devyatkino railway station, practically on the border between city and surrounding Leningrad Oblast (region). The open-air market was replaced by a hypermarket of the 'O'Kei' chain.

### ***Udel'nyi market***

The market by the Udel'naya metro station stretches over a huge territory encompassing second-hand (thrift) booths, roofed markets, the 'Chinese' market with cheap new goods and also the flea market where used articles, antiques and objects salvaged from the rubbish collectors are sold. Previously, the market featured only old objects sold from hand. Now that the market is 'civilised', permanent stalls take up an increasing share of the territory, and vendors pay more than for a simple standing place. Retail of cheap new goods from tent booths occupies an increasingly large area at the approach to the flea market. However, the much-loved and much-frequented flea market was miraculously saved from the attempt of some organisations to liquidate it and in its place build a shopping centre.

The tendency of restructuring sketched above in the three examples from St. Petersburg is the main focus of the present article.<sup>ii</sup> I am primarily interested in the processes that are manifested in the urban space as a result. In order to describe and explain this shift from one type of retail space organization to another I will address the following questions: How and why is urban retail space restructured; who influences this process; and how are the new social structure and priorities inscribed in the spatial organisation of retail and everyday practices of consumption? I will first turn to legislative initiatives related to the retail sector because legislation is one of the basic instruments the municipal authorities use to influence the sector, therefore changes in legislation show up general processes of change. In a second step I will analyse the transformations of urban space itself, different forms of appropriation and perceptions of urban space.

### **Transformation Context**

The transformation of retail space in St. Petersburg is linked to profound social changes influencing the different urban actors' positions in this field and leading to changes in the actors' perceptions of one another. This process is probably a part of the stabilisation of the social

structure currently taking place in Russia. After Soviet-style relations broke down, the practical process started of appropriation and realisation of new rules of the game, the emergence of new structures, new lifestyles and ideological priorities (different expressions of the post-soviet urban transformations were studied e.g. in Andrusz et al 1996). In the retail sector, this was particularly visible: Social changes impact on retail more rapidly than on, for instance, education or housing. This means that retail and its organisation is a good subject for tracing large-scale social processes and change. Such change becomes visible in the urban environment. In recent years in Petersburg, new types of retail outlets have appeared: shopping-entertainment complexes, hypermarkets, huge shopping malls on the outskirts, boutiques, luxury arcades, and discounters. They are gradually forcing out one-man or one-woman kiosks and booths from public space, and even squeezing the open-air markets, which, although they are now sometimes housed in proper buildings, even then hardly suffice new expectations of comfort and convenience. All these phenomena highlight the trend towards the consolidation of big business, standardisation and depersonalisation of retail corresponding to current trends in economic globalisation and specifically to the trend of making retail more "civilised", compatible with "European standards" in Russia, according to current official discourse.

Another important feature of the current state of retail trade in St. Petersburg is that, in comparison to the 1990s, the number of individual actors involved in shaping the 'social world of retail' is falling. This does not only refer to the number of participants – although in the 1990s it seemed that a huge proportion of the population was involved in retail trade in one way or another for purposes of survival – but also to the fact that the number of real agents influencing the situation has decreased. Previously, on the markets all vendors were personally interested in selling the goods they either brought from abroad, grew in their garden, or found amongst their grandparents' possessions. Today, the numerous vendors at kiosks or boutiques and supermarket checkout assistants are simply in the employ of big business. The process is interesting for a number of reasons. First of all, agents of spatial and social change have appeared on the retail 'playing field'. Their structure has also changed in recent years. Earlier, for instance, not only

(municipal) authorities and large trade structures counted as important actors, but also criminal groups, and, of particular importance, individual entrepreneurs. Now, however, the number of actors has dropped sharply. Some actors have consolidated in associations, such as the representatives of 'small businesses', who are the successors of the individual entrepreneurs of the 1990s, for the purpose of opposing, and defending themselves against, large commercial structures and the municipal authorities.

Secondly, everyday retail processes shape the inhabitants' perception of the (new) social structure. Economic practices and the specifics of communication tell people about the social hierarchy, prioritised lifestyles and public attitudes to different ethnic, status or income groups. In turn, consumption practices reproduce these social structures. Over the last ten years, centralised state policies oriented towards collaboration with large retail chains have caused the number of retail formats to drop sharply, and the range of what is allowed in the retail sectors has narrowed. As a result the dominant, preferred styles of life and consumption are forcing out to the periphery all that does not conform to the image of the developing society. For some social groups access to public space and participation in legal retail business is made considerably more difficult or becomes impossible which not only leads to a worsening of their situation but also to a decline in urban diversity. De facto, the retail spaces of the city are a laboratory in which the new social and economic order, hierarchy of social groups and dominant patterns of behaviour and lifestyles are developing and being tested (Färber/Gdaniec 2004).

### **Changes on the Official Level: Legislation and Regulation**

Legislation is the basic means for city authorities to induce changes in social structures. Below I will cast a brief look at legislation regulating the sphere of retail. In recent years this body of legislation has undergone significant change.

The basic legal document regulating retail is the Presidential Decree No. 65 of 29<sup>th</sup> January, 1992, 'On Free Trade'. The decree left considerable room for differing interpretations: It specified that companies and individuals had the right to engage in trade in places assigned for this purpose by the executive, without demarcating the respective competence of the federation, federal subjects and local

government. This led to each federal subject deciding for itself how to regulate trade, which resulted in truly considerable 'freedom' being afforded to all participants in the market. Over the last few years significant changes have taken place in federal legislation and in the initiatives of city hall. In particular, the passing of the two federal laws – 'On state regulation of production and sale of pure spirits, alcohol and drinks containing spirits' prohibited individual vendors from selling alcohol, and the federal law no. 134 of 26<sup>th</sup> July 2006 fixed the retail price for cigarettes. These measures excluded a large number of small-scale entrepreneurs from the market and helped reduce the number of kiosks – city hall's pet enemy - in the city.

Another controversial measure that threatened markets' existence was the federal law no. 271 of 30<sup>th</sup> December 2006, 'On retail markets and changes to the Labour Code of the Russian Federation'. This act specifies procedures for official approval of markets, applicable safety regulations, and regulates procedures for organising new markets, providing regional authorities the right to decide on 'the number of foreigners or stateless people' working on the markets. This act was implemented on April 1<sup>st</sup>, 2007 and turned all traders with foreign citizenship de facto into "illegals". This led to many markets ending up without any workers – because the markets had an especially large percentage of workers from countries of the 'near abroad'. Markets suffered huge losses, booths were abandoned – and all of this in principal so that consumers would move on from the markets to shopping complexes and hypermarkets. This is an example of how a conscious policy by the state facilitates the ostensibly "natural" process of displacement of consumer preferences in the direction of "civilised retail" which is officially supported by the government as the most acceptable form of retail trade. In the meantime, everything that does not inscribe into this format (e.g. traders who are migrants, with their own particular business organisation) is purposefully removed from the field.

Up until the law was implemented a 40% quota of foreign employees in the retail sphere was in place. On April 1<sup>st</sup>, 2007 a complete ban on employment of vendors without a Russian passport was introduced. Thus, the newspaper "Torgovaya Nedelya" (Trade Week) wrote on the eve of the enactment of the law: "According to the new regulations the market

administration has to answer for any violation of the new law – for each illegal it is faced with a fine, several hundred thousand rubles. The number of foreigners on markets decreased dramatically since the beginning of 2007” (Torgovaya Nedelya No.7, 26.03.2007). The director of one of the markets proceeded to describe the methods of enforcing the law: “We just did not allow foreigners on to the market. Of course, it was very hard for them to sell their goods in an instant; the migration service together with the militsiya (police) helped us to not let them in. The people were forced to simply give their things away. They could not get any money for them. Where they are now, I do not know.” A few months later, the civil servants proudly declared that violation of the law on the markets decreased, that “Kolkhozniki” (collective farm workers) had filled the vending places vacated by the migrants and that trade on the markets has become “civilised” and “clean”, i.e. vendors and trading agencies at last acquired that image which the authorities consider acceptable. However, subsequently it became clear that this did not work – the Russian vendors did not come to the markets (e.g. Nezavisimaya Gazeta No. 14.11.2007).

Besides the above, a new bill on retail is currently being considered, and is already raising the hackles of small-scale vendors. My informants said the document took into account only the interest of chain stores and will threaten the survival of small-scale retail. The authors of the draft bill argue that legislation needs revision because the country requires a unified regulation of retail including unified standards laid down by the federal authorities with the help of regional and local governments.

Of particular importance are legislative measures and decisions on the level of the municipal administrations and city district administrations. Precisely due to such measures the city, and not the federal, authorities are the main actor behind spatial change – although the federal authorities lay down the general tone and framework and currently the role of the federation in regulating local matters is on the increase. Nevertheless, it is the city administration that takes direct and specific decisions relating to controversial territorial issues. All these measures are officially directed against unsanctioned retail activities ‘spoiling the city’s appearance’. The problem is that, in doing this, the authorities fight not only and not so much against illegal retail activities that from

the definition belong to the sphere of antidisciplinary practices (de Certeau 1984), as against small-scale entrepreneurs who have already attained a level where they are prepared to play by the rules, pay taxes and enter into legal relations with the state.

### **Agents of Change in the Urban Environment**

The years 2000-2003, in the course of the preparations for the celebrations of the city’s 300th anniversary in 2003 were characterized by massive attempts to change the face of St. Petersburg. Serious changes took place thanks to single-minded reconstruction and renovation of the city’s sights and central streets and squares, financial investment in the infrastructure in the course of preparations for the large-scale celebrations which were not so much intended to ensure a festive spirit among the citizens but to present the city in the best light for investors and tourists. Investors and developers were given the green light to lead the city to “European standards”, including in the retail sphere. The large capital injection into the city and the heightened attention to it were put to use: Right then large areas, also in the city centre, were earmarked for the construction of new retail centres. For instance, the reconstruction of the Sennoy Market and the construction of two retail centres – “Sennaya” and “Pik” – became part of the project of complete reconstruction of the historic Sennaya Ploshchad. City authorities turned a blind eye to the fact that the design of “Pik” retail centre, which now dominates the entire square, does not at all conform to the style of the historic development of the city centre. However, all these considerations were pushed into the background in relation to the development of a civilized retail trade sector, which is “more important for the city’s development”; with the actors using those new rules the authorities can build partnerships more easily.<sup>iii</sup>

The ‘architectural’ argument often appeared in public discussions regarding the renovation and new construction projects in the historic city centre - architects were often blamed for the inconvenient outfit, size and functions of new buildings or public spaces. However, the architects directly involved in shaping the city space appear to be merely executive organs of the real agents of change who use the reconfigurations of urban space to implement their policies. When listening to interviews with architects from Moscow that were presented to

the public in the framework of the Pro Arte Institute project "Moscow 4" in 2007, I noticed that the basic figure which all architects adduce as the main subject of change is 'the Client' ([www.proarte.ru](http://www.proarte.ru)). The 'Client' can be 'financial groups', 'big business' or 'the rich': These are the terms architects use when attempting to call things by their name. The majority of them say expressly that the 'Client' decides everything - to the extent that he desires to exhibit his wealth and success in a pretentious building, to that extent the city's appearance will change. Thus, from the architects' point of view the 'Client's' power is almost unlimited.

The only thing that sets limits to the 'Client's' ambitions is urban-planning regulations – and this is where a second actor appears – the 'city' i.e. the city administration. The city as a conservative and restrictive actor regarding construction in the city centre conducts negotiations with representatives of big business, who try to persuade city authorities to accept the architectural form proposed. Sometimes difficulties crop up in the mutual relations between city and capital, especially concerning construction in the centre, but usually they reach an agreement. Such agreements between city and capital have now been reached in most large Russian cities. The role of the population in this process, according to architects, is minimal. They are referred to exclusively as 'consumers', although they are the people who will walk past the new building every day, work there or go shopping there. The liberal idea of citizens' participation in the production of space features very rarely in the speech of contemporary Russian architects. It is clear that the citizens have no choice, but to accept whatever the client and the city decide (Andrusz et.al, 1996).

This situation is typical of periods of stability, when the municipal authorities have clear agendas and possess real levers of influence. In Soviet times, the only agent of change was the state. Under conditions of post-Soviet liberalisation of all spheres of life and transition to capitalism, commercial actors now feature alongside the state. Theoretically, ordinary citizens also have the chance to influence city planning (we are concerned here with construction of the permanent buildings that taken together constitute the 'grid' of the city – in contrast to mobile and transient objects). They can express their opinion in public discussions and in dialogue with the authorities they elect. The role of the public is in this case more likely

to be conservative and critical, because it cannot figure as initiator of grandiose projects. This is, however, a fairly disputable statement: Piotr Sztompka in 'Sociology of Social Changes' writes that:

Although any one individual possesses only a small voice in the general choir of social changes, the latter is the overall result of the activities of everyone taken together. Each individual has a small, almost invisible power of agency, but taken together they are omnipotent. The metaphor of the market loaned from economics, helped to grasp how the invisible hand arises from the many individual decisions taken by countless producers and consumers, and the same metaphor loaned from linguistics helps to grasp that in daily practice people create, reproduce and transform their own society exactly as they produce, reproduce and change their own language (Sztompka 1996, 245).

As a result, the ability to influence the situation, including city planning, depends on people's capacity to cooperate and form a collective agent. This makes it important to identify another agent of change - social movements that consolidate otherwise disparate agents, only thus gaining the chance to oppose the authorities and big business, including in the sphere of urban planning and construction plans. There are examples of co-operation among small entrepreneurs regarding the regulation of business (such as the All-Russian Movement 'For an Honest Market'). In St Petersburg there is often cooperation between people faced with a common threat to their living space, business or lifestyle (see Zakirova 2006). Such a term can be applied to the case of the flea market at Udel'naya (detailed above), where an initiative group was formed to defend it.

It is interesting that in periods of public instability, authority shifts to the hands of the citizens. In moments of such a 'shift' – from one social structure, system of priorities and management to another – the role of architecture diminishes, and space is again reworked mostly by the daily grassroots action of citizens (de Certeau 1984). Analysing this situation using the terms coined by Michel de Certeau - place / space and tactics / strategy – helps describe the inversion that takes place (de Certeau 1984, 38f).

Tactics temporarily dominate over strategies and 'capture' space. Usually, under conditions of social stability, the opposite is true: The strategists, the authorities, take complete command of space and its appearance. This is what mainly happened in post-socialist St. Petersburg during the 1990s: City-dwellers' 'tactics' dominated the retail sphere that was constituted by open-air markets, 'off-hands' trade, kiosks and small shops. In the stabilizing society with the strengthening official power and big businesses the 'strategist' tries to gain back the control over urban space and commercial activities. The last 15 years were a period during which a new social structure has emerged. The disbanding of whole markets or their forced reconstruction and upgrading, the construction of a large number of shopping centres and arcades has been a material, spatial expression of stabilisation, the centralisation of the social sphere by means of the standardisation of retail.

Apart from this, exclusion of some social groups from entrepreneurial activity, and thus the city's public space, as well as extra earnings, has been a significant consequence of this process. The expulsion to the spatial periphery could exacerbate the social marginalisation of certain groups: pensioners, migrants, poorer citizens and invalids. The chance to earn money on markets, flea markets, or simply to sell goods on the streets was for some people the only chance to earn extra income since they are excluded from legal work as pensioners, invalids or migrants without registration.<sup>iv</sup> The municipal authorities have now eliminated this option of extra earnings.

At the same time 'users' can only carve out a place using anti-disciplinary tactics: selling things illegally, off-hands, always ready to run away when militia (police), is in sight, arranging mobile and transformable 'counters' out of cardboard, standing on the busiest pathways and crossroads. But there are also legal attempts to create a space for small-scale retail in the context of existing relations: The numerous organisations of small businesses fight for their existence (e.g. All-Russian movement "For an honest market" based in Moscow, "Association of small and medium businesses of St. Petersburg" and others). Local social movements are trying to provoke a public discussion of the legislation being prepared, and to communicate with the authorities concerning the situation with small businesses they even organized demonstrations and hunger strikes.

Public movements in general are trying to "learn" the official language to be able to communicate with the authorities in their frame (Zakirova 2006).



Photo 1: New shop pavilions near Sennaya metro station. Photograph by the author 2008.

### **St. Petersburg Markets and their Social Organization**

Clothes markets emerged spontaneously in Petersburg in the 1990s. The majority of them were semi-legal – many participants were not registered and paid no taxes. The number of shoppers and the turnover of such markets were huge and they provided work and the chance of survival in difficult economic operations for a huge number of people. The clothes market functions like a full-fledged social institution, almost outside the control of official authorities (Titov 1999), where a struggle, controlled by the local informal administration, takes place over the redistribution of "significance and value of markets' resources" (Titov 1999), both material and symbolic. This struggle results in the emergence of status groups and inequality. Such markets belong wholly to the informal shadow economy, where criminality and hidden income flourish. The market relations are not regulated by official legislation, but are subject to unwritten rules and authorities. Entrepreneurs often lack any legal status and many are not interested in achieving it. They even fear it as a certain cost driver: "The high taxes, the red tape involved in legalisation and registering deals, the fear of criminal structures 'discovering' their economic activity and asserting control over them, the high price of information regarding formal procedures, the fear of the uncertainty connected with formalised relations' scare off

many from legalising their business” (Titov 1999).

Payment for spots on the market usually varies according to differing degrees of comfort. On some markets, vendors sell their wares from tent booths, trucks and by hand. Sometimes these markets also include roofed pavilions. Each place is leased out. The owner and the vendor of a market spot may be one and the same person, but often it is the case that the owner hires the vendor for a fixed payment or a percentage of the profit. The majority of vendors are immigrants from the ‘near abroad’ (i.e. the former Soviet Union, the CIS states); Titov names a figure of 80%-90% (Titov 1999, 16).

The behaviour of all players on the clothing markets is motivated by economic benefit, but to different degrees. During the 1990s one could distinguish two different ‘motivational’ groups of market vendors. The first can be described as ‘ambitious’ or future-oriented businesspeople, who plan to develop their businesses, the second one as ‘survivors’, those who are only working for immediate cash for their everyday life. The first group, the start-ups, were learning to conduct business and hoped to accumulate enough to purchase a legal business in time (at a time when clothes market trading was almost entirely illegal – no one paid taxes and only a few kept books for their own reference). It was precisely these people who had the greatest chance during the period of ‘civilisation’ of the markets to set up shop in the new shopping complexes. Today, they usually have fairly large revenues, are able to hire a vehicle for transport, and can purchase additional outlets and hire sales assistants. Many legal shop owners started their business on the open-air clothing markets, and when these were closed down, the flow of new entrepreneurs into the system slowed, since there was no such convenient channel of accumulating capital. This is another indicator that the system is becoming more closed and stable.

The second group of vendors, comprising the majority, are people motivated by receiving immediate cash for survival, and lacking any strategic plans for the future. Phasing out markets threatens them most of all, because they risk losing the income they need to support their families, since they do not have the resources for modernising and expanding their business. Today the number of people working on markets because it was their only way to earn money has dropped, because compared to the

1990s there are more alternative jobs available. Still, for many Petersburgers selling on or near the markets is an important source of income for the family budget.

A large share of the vendors on the clothing markets are so-called shuttle-traders (*chelnoki*) who work for themselves exporting clothes and shoes from abroad, particularly Poland, Turkey and China, and then selling them on the open-air markets. These vendors belong to the first group, the start-ups. Shuttle trading involved huge sums during the 1990s, but its scale is currently declining, although its importance remains great (Yakovlev et al. 2006). Official statistics indicate that its significance is even growing, since many entrepreneurs are now legalising their activities for the first time: In 2002-2004 the volume of sales on open-air markets rose in current prices more than twofold and in real terms by 25% (Rosstat).

Sociologists note the socio-cultural aspect of interactions on open-air markets. The market is heterogeneous, and a wide variety of groups interact in its framework: “The market is an open system allowing the co-existence of a number of cultural forms of consciousness and models of behaviour” (Titov 1999: 30). Migrants of different origins, including wholesale purchasers and entrepreneurs from other regions, not only migrant vendors, bring with them their own cultural and regional specifics (Zukin 1995). Different age groups demonstrate different models of behaviour: On the open-air clothes markets, habits typical of Soviet culture were modernised by the new demands of capitalism. Market participants had contrasting professional and educational backgrounds, since representatives of all formerly prestigious professions (including engineers, scientists, teachers and doctors) were forced to go into retail in the 1990s. At the same time, on the open-air markets each individual entrepreneur acts on his or her own – vendors do not need to coordinate their activity with others to obtain profit. Cases of cooperation were the results of external threats such as closure of the market. However, Titov claims that, “despite the cultural pluralism existing in the space of the market”, one culture dominated, acting as a uniting centre – and this was the criminal world, controlling the market by force, meaning that market jargon and culture was littered with prison terms and behavioural codes (Titov 1999: 31). Naturally, such relationships alternative to and outside the control of the state could not fail to arouse the

suspicion of the authorities in conditions where they were centralising and increasing state control over all spheres of life.

### **Markets in Motion: The Beginning of the 21<sup>st</sup> Century**

Against the backdrop of increased state control over retail trade and a policy of improvement of urban environments, the authorities soon turned their attention to open-air markets such as Ladozhskaya and Udel'nyi, about which regular complaints were aired by citizens disturbed by 'dirt' and the perceived 'criminal' atmosphere of the markets. Another important aspect was the development of retail forms such as shopping and entertainment complexes and hypermarkets that demanded new and suitable land for construction. Precisely these retail formats are of far more benefit to the state from the point of view of taxes, since it is easier to come to an arrangement with big business than with hundreds of thousands of individual entrepreneurs who hardly pay any income tax, such as pensioners selling garden produce or used goods.

In connection with this, at the start of this century the state launched a campaign against 'unsanctioned' retail, and thus against individual and small-scale entrepreneurs. Kiosks, pavilions at metro and train stations, booths, and street selling were all affected. Urban markets also landed in this risk group, and started to be dissolved or relocated, and legislation rendered this retail format practically unprofitable (such as the law restricting the number of workers on markets lacking Russian citizenship). In 2005, the process of relocating open-air markets to the city outskirts or to roofed buildings accelerated. The authorities started shutting down the 'unpresentable,' 'uncivilised' markets, featuring booths, open-air stalls, or vendors selling from hand. Management of those markets that wanted to stay in business were forced to significantly upgrade their buildings, which requires large investments in infrastructure.

At the same time, a significant part of the population still prefers to purchase clothes on the open-air markets. In large cities, open-air clothing markets account for 50-60% of sales, which is in fact less than for the country as a whole.<sup>v</sup> According to Rosstat (the Russian state statistics service), on 29 August 2007, 75% of the places on the open-air markets were occupied by the sellers despite the fact that summer is vacation season for market vendors as well.<sup>vi</sup>

This shows that reducing the number of markets can hardly be considered a natural process, but rather is the result of a deliberate policy on the part of municipal authorities and big business.

### **Ladozhsky Market**

The Ladozhsky market mentioned above (also known as 'Okkervil') was St Petersburg's largest clothes market. Tent booths, containers (trailers) and standing vendors occupied an enormous territory where places differed in cost according to comfort and location. The market featured both small pavilions and simple stands, and along the access roads people sold goods from hand.

The market had operated around 10 years at this spot beside the 'Dacha Dolgorukova' train station and the Ladozhskaya metro station, a location particularly attractive to retailers. Similar to the Udel'nyi market, this is a point of transit for people travelling out of the city to the surrounding region, to their dacha or back to their home and vice versa. This means that there are always a large number of potential customers, and also a large number of potential vendors bringing their garden produce from the region, especially in the case of Udel'nyi, where there is still a section reserved for garden farmers to sell their produce. The market was located on land assigned for construction of a new railway station. These plans were drawn up in the 1980s but not implemented, meaning that nothing had been built on this territory, and instead market vendors occupied the enormous empty site. The general opinion concurred that this was an ugly sight, and the market was later partially concealed behind a three-metre high fence. However, in the run up to St Petersburg's 300<sup>th</sup> anniversary a start was made on construction of the railway station. The market clashed aesthetically and, as a result, in 2002 the first information appeared about the imminent relocation of the market. However, the real reason was not the desire to beautify the area, but the desire of the 'O'kei' supermarket chain to build a store there. The authorities requested that the 'Baltika' company managing the Ladozhsky market upgrade and modernise the market. However, the company preferred to relocate the market to the other end of the city on the border with Leningrad region – to a shopping complex at the Devyatkinno railway station. At that time, there were plans to convert and upgrade the existing buildings into an enormous shopping complex. The Devyatkinno shopping complex



provided sanctuary to the former 'Akademicheskii' market as well, which had also been displaced by the construction of a shopping complex.<sup>vii</sup>

The vendors from the Ladozhsky market and many additional vendors from other markets that were closed were left with two choices – relocate either to the new shopping complex, or to other open-air markets still operating. Many of them relocated to the Yunaya market, which saw hundreds of new vendors descend on it. All vendors from markets closed down are doing the same, so that today 85% of vendors at shopping complexes are former vendors from the open-air clothing markets. This process underscores the point made above: Economic structures, including in retail, are stabilising and coming under the control of official structures, creating one unified standard. A large proportion of those graduating from the school of street-level retail have now accepted the new rules of the game, and have relocated to built structures, as the municipal authorities wanted, and have been incorporated in 'civilised retail'.

This process made the exclusion from business of those vendors who did not make plans for future expansion and legalisation seem like it happened in a "natural" way. For example Svetlana, one informant of mine, a shuttle trader selling goods brought from Poland on Udel'nyi market gave up business at the beginning of the 2000s. She explained her decision by falling sales on the market while expenses (including bribes to the local police and the 'informal administration' of the market) remained at previous levels. She had been engaged in this business since the late 1980s, supporting her family during the economically difficult 1990s. Svetlana was unable to raise the costs for legalisation of her trading business, but other options started appearing in the informal economy: Today she is earning a living by looking after the child of a well-off family.

Thus, one can conclude that chaotic entrepreneurship, on the one hand, lost its quality as a means of surviving in the difficult circumstances of the 'economy of transition' (*ekonomika perekhodnogo perioda*) and, on the other hand, it is only through the amassing of sufficient financial means that the entrepreneur can acquire legal status and a "civilised" business.

### **The Market at Udel'naya Station**

The market at the Udel'naya metro differs from all other Petersburg markets: Almost a third of the market consists of a flea market (*barakholka*) that has made the name famous throughout the whole city. The second-hand and the clothes section are located on the way to the flea market itself, but many visitors pass this part by and go straight to the flea market, which is only open at weekends, in contrast to the rest of the market. Some vendors on the flea market with sufficient means have recently started to use roofed booths. However, a large proportion of vendors – a group comprising all conceivable social categories – still trade 'from hand'. One can buy here almost anything at all, as at any flea market. Vendors differ according to specialisation and 'professionalism' – booths are used for relatively expensive goods such as antiques, selected thematically. Such vendors are usually very well informed about the value and character of their wares. Freestanding vendors sell a vast range of articles brought from home or found in the trash – crockery, books, and clothes at rock bottom prices.

Apart from the important flea market, the Udel'nyi market hardly differs from Petersburg's other markets. However, due to the transit location between city and country (apart from the metro station, the railway station lies on an important 'dacha' line), Udel'nyi has retained a smallish area for the sale of garden produce. This small area is wedged in between pavilions and the rows of second-hand vendors. It contains around only 15 roofed booths, but adjacent, at the roadside, garden owners and mushroom collectors sell their wares out of baskets, depending on season. This unorganised selling of garden produce appears in harvest season at most of the city's food markets, at Sennaya Ploshchad, and beside metro stations. The market at Udel'naya, especially its flea market and garden produce sections, play an important role for the city – they provide additional income for people not engaged full time in retail, as most of the vendors on the clothing markets are. Places here are relatively cheap and easy to get – a place at the flea market costs only twenty or thirty roubles. Naturally, such a market can hardly be profitable for the managing company. For this reason it is combined with more profitable business lines such as second-hand and new clothing. However, many citizens, especially those living close to the market, have complained about the unorganised market

sections at Udel'naya. It is variously described as dirty, dangerous, ugly, and obstructing movement through the district (e.g. 'Bloshtinovskoye na Udelnoi', *Izvestiya St. Petersburg*, 6 August 2003).



Photo 2: The flea market at Udel'naya: Cardboard boxes instead of stalls. Photograph by the author, 2007.

As is the case with other markets, the municipal authorities paid little attention to the market in the 1990s. However, with the strengthening of state authority and the development of big retail business in Petersburg, everything changed. It was decided to close down the flea market, since it contravened the norms of urban planning and 'civilised' retail. Rumours say the territory is likely to be the site of a new shopping centre. In the spring of 2006, news agencies reported the Municipal Planning Board's decision to clamp down on 'unsanctioned retail' on land belonging to the railroads. The flea market in particular attracted a lot of flak. A refuse tip up against a railway platform apparently hindered the removal of snow from the platform, and the market constantly violated regulations. However, the municipal authorities finally decided not to deprive the vendors of their income, but instead to improve the conditions on the market. They decided to close the market for drainage. Since the market was located on bare ground, without even a concrete surface, the market area was constantly muddy and covered in puddles.

The ground belonged to the Oktyabrskiy railways, and was directly on the border between the Primorskiy and Vyborgskiy districts. Possibly

this was the reason for problems in servicing the area, and also difficulties in erecting any permanent buildings there: It was unclear who owned it. However, for all this confusion, the Municipal Planning Board decreed that the market be brought into accordance with the law, as was the case with other controversial markets. The decision was taken to erect pavilions, fence the market off from the railway platforms, lay roads and a car park, create spaces for containers, and install toilets. The absence of the latter had created serious problems. Today, however, only the fence between the platform and the market territory has been implemented, along with some roofed booths. The majority of vendors still sell 'from the ground', squatting beside puddles and using the grass patch on the other side of the road as sanitary facilities. The most obvious conclusion is that the municipal authorities, realising that it was not possible to use the territory for a hypermarket, simply lost interest in it.

But the most interesting thing is how the vendors and administration reacted to the threat of closure. They organised an initiative group to defend the market. The oldest and most ideological supporters of '*Udelka*' thus defended their lifestyle, which on this market is more important than economic profitability. Besides the economic significance of the market for vulnerable elements among the population, the lifestyle of the market is also important to the vendors. What to the untrained eye might seem filthy and dangerous constitutes for market insiders a valuable part of their life. An important factor is that the flea market has an 'invalids' club' (club of disabled persons) that mediates all disputes arising on the market, allocates spots, arranges refuse collection and monitors observation of regulations. The 'invalids' club has around 500 members who are regular vendors on the market. Several threats to the existence of the market (during the 1990s and in the beginning of 2000s) have shown that the sellers can organize themselves and build an administration that, using its informal connections and official status, can fight for the market's survival.

The lack of clarity regarding the ownership of the territory, and the lack of motivation on the part of the municipal authorities, meant that little has changed in actual fact for the flea market. The only innovation was that vendors are now offered to purchase stands at a price of approximately 4000

rubles. Many took advantage of this offer, especially those regularly selling expensive antiques. However, the majority of vendors, who are from vulnerable social groups, cannot pay for a 'normal' booth. They will find any exclusion from the market hard to compensate for. Vendors of second-hand and clothing can afford to rent a roof, but the pensioners and 'invalids' from the flea market cannot.

Research into the flea market has shown that "vendors come not only to earn a living, and some times not even for that purpose" (Pachenkov et al 2004, 13). People come for communication, for fresh air, to take a break from domestic problems, etc. This means the flea market combines elements of an economic and a social institution. People can earn their daily bread here without entering into difficult bureaucratic relations with the state, and apart from this important 'social-political' function, the flea market helps people satisfy their need for communication, self-realisation, and so on.

### **Consequences of Changes in Structure of Retail, and General Conclusions**

The restructuring of urban retail space has transferred future control of retail to the hands of big business. The policy of improving the territory of markets acts as a sort of filter. Only those organisations remain in play that can pay for modern constructions and then regularly pay more tax into the city budget. Everyone else is excluded from the market or relocated to a less profitable location. Roughly the same filter applies on the level of individual entrepreneurs, excluding them from markets that have been closed down. If an entrepreneur has the resources to rent a 'civilised' roofed booth and run a transparent business, he or she has the chance to make it into the new structure of retail. Those who do not conform to the city's new demands (solvency, legality, 'civilised' standards, loyalty to the state) are excluded from the market. This group includes criminal elements, fencers of stolen goods etc., whose business has flourished and continues to flourish on the clothing markets due to the low level of control on the part of the law enforcement agencies. It also comprises socially vulnerable groups, such as pensioners, the disabled and migrants.

Much points to the fact that some sort of special social markets, with low rent costs, but sufficient infrastructure for maximal convenience, are vital for these vendors. However, the municipal authorities are currently

not interested in social programmes, but in increasing control over retail and increasing tax payments from retail. Nevertheless, such a threatening situation could become fruitful soil for cooperation between citizens for the purpose of defending their rights, as it happened on the Udel'nyi market. Such situations can be a ground for development of an organised urban movement (see e.g. Castells 1983). In this article I have little touched upon this subject, though it is one of the most interesting research agendas in contemporary Russia and St. Petersburg in particular. The now emerging public movements that negotiate city space with the local government could become full-fledged players in the emergence of a new social system and influence the decision-making process. Such organisations can be successful, if they possess sufficient resources and can talk to the municipal authorities in their own language. This is how organisations of small business act, studying legislation and also using traditional forms of protest such as hunger strikes and petitions.

Since the changing urban space works as a laboratory for social change, the change in organisation of retail shows the trends in cultural transformation (Du Gay 1993). The result of the changes in the physical structure of retail is not only the inclusion or exclusion of vendors from the new state-approved system, but also the new interactional and cultural patterns, the attitudes to consumption, etc. Retail formats and forms of interaction between vendors and customers are undergoing cardinal change. The depersonalisation of relations between vendor and customer in supermarkets and shopping centres is an expression of how personal relations are being substituted by relations between social roles. Such depersonalized relations become the norm instead of 'unpredictable' and flexible patterns of communication that could be observed on 'old style' market. For example, especially when vendors own the goods being sold, they can alter the price depending on whether they like the customer. There are many examples of such behaviour especially on the Udel'nyi flea market where there are no hired vendors.

The special training of vendors for modern retail formats (the new draft bill on retail even makes such training obligatory – the workers in the shops and supermarkets would need to go through a professional course depending on their specialization and have a document confirming this), formalization of

relations, standardization of product range on offer and even display methods, and the increasing role of the state in regulating quotidian processes of retail (vendors can even be prosecuted for violating quality standards): All of this means that a new framework is emerging where both vendors and customers are still learning their new roles. Shtompka (1996) uses the term 'interface' to denote this sphere of interaction between subject and structure where social change takes place. The interface between structure and actors in the sphere of retail, a quotidian practice of major importance for contemporary urban life, in changing, teaches all parties the new rules of the game, a new social structure and new system of social preferences.

In conclusion I would like to note that this process is interactive and does not depend completely on actors disposing of power or resources, such as the municipal authorities and large retail companies. Citizens also have the chance to influence the course of change, and not only in the form of organised social movements. Sztompka describes how the masses can influence social change 'from below', through people living their daily life, taking choices, making decisions, and thereby deliberately or accidentally causing "shifts in economy, demography, in lifestyles and habits" (Sztompka 1996, 337). The results of these microprocesses can accumulate into a tendency. The second way for people to influence social change is through participation in social movements, and pressuring the authorities for change.

This study could be continued by investigating how people contribute to transformation without realising it: In other words, by a study of how consumers react to the consumption styles forced on them today, and how they avoid such coercion or voluntarily fall into line with the new relations. Currently, it is obvious that the public is divided by its contrasting relations to changes in the retail sphere. These are the lines along which people structure themselves within society. For instance, the 'middle class' that is forming in large cities is already spurning what they regard as the dirty and unsafe system of clothing markets. This is connected with the fact that, for these people, shopping is no longer a question of getting the cheapest goods, but of convenience, comfort and safety, and also enjoyment. At the same time, there remain a fairly large proportion of people, for whom shopping or selling on clothing markets is still a daily practice. Inasmuch as the

first tendency is preferable for the state, it is likely that it will win out with state support. The policy we observe today caters to big business and the stimulation of the better-off consumer aiming for a Western lifestyle. At the same time, there are a large number of people for whom this lifestyle is – still – not accessible.

\*The author is grateful to Graham Stack for his assistance translating this article from Russian to English.

### **Endnotes**

<sup>i</sup> The terms "civilised" (*tsivilizovannyi*) and "modern" (*sovremennyi*) form part of the discourse used by the city administration and in articles by analysts and market researchers (e.g. V.Romanova. *Veshevie rynki tesnjat seteviki, Delovaya nedelya*. 25.11.2005, A.Milkin. *Yarmarka bespraviya*, *Rossiiskaya gazeta*, 25.08.2006).

<sup>ii</sup> The article is based on the research as part of my PhD dissertation about the transformation of retail spaces in St. Petersburg. It presents the result of the analysis of city media, official documents and legislation regarding retail trade as well as interviews with private entrepreneurs and their clients.

<sup>iii</sup> The anniversary year of 2003 became a landmark in global changes in the retail sphere, too. For example, in the spring of that year 200,000 m<sup>2</sup> of "civilised" standard retail space were sold or leased. While until 2003 markets and small shops accounted for 80% of retail turnover by the summer of 2007 this correlation was completely reversed: now only 19% of retail turnover is generated by small businesses while 81% go to large-scale retail chains ("Torgovye seti kak zmeinyi yad – polezny v razumnykh dozakh" (Retail chains like snake poison – useful in sensible doses), *Fontanka.ru* <http://www.fontanka.ru/2007/09/03/040/> accessed 12.09.2007).

<sup>iv</sup> "Registration" is part of the migration control system in Russia. Everyone must be registered at the local migration offices and have a stamp in their passport with their proper address while being on the territory of the Russian Federation. Foreigners, including tourists, need to register

within three days; Russian citizens from other regions must register within three months. It is legally impossible to obtain a work permit without being registered. If you get stopped by the police for a document check without having a valid registration, you will have to pay either a fine or a bribe, or you can get deported, depending on the situation.

<sup>v</sup> The statistical data regarding retail trade, especially the markets, are used in this article only to show the tendencies. This data is often not reliable because of the usual difficulties of gathering statistics about the informal economies. A huge amount of sellers still work illegally on the markets, not to mention the 1990s, when the majority of them worked illegally.

<sup>vi</sup> ‘Spravka o situatsii na roznichnikh rinkakh na 29 avgusta v sravnenii s 22 avgusta 2007 goda (A note on the situation on retail markets on 29 August compared with 22 August 2007)’, The official web-site of the Federal Statistics Service of Russian Federation [www.gks.ru](http://www.gks.ru).

<sup>vii</sup> However, at the new location, not everything is going according to plan. The project of developing the site by constructing a huge new shopping complex has been put on ice, and the area might instead be used to construct yet another large supermarket.

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