

## POLITICAL ECONOMIES OF AID AND AND EXCHANGE: BOOK REVIEW ESSAY

*Katherine R. Metz*  
*Indiana University*

---

**Alena V. Ledeneva, *Russia's Economy of Favours: Blat, Networking and Informal Exchange*. Cambridge: Cambridge University Press. 1998. 231 pp. Janine R. Wedel, *Collision and Collusion: The Strange Case of Western Aid to Eastern Europe, 1989-1998*. New York: St. Martin's Press. 1998. 275 pp.**

In the ten years since the fall of the Berlin Wall, works on privatization and corruption in the informal sector have dominated studies of the fluctuating economic conditions in the ex-Communist Bloc. Many of these works focus on finding solutions to the new problems that have emerged in the transition economies of East. Janine Wedel and Alena Ledeneva approach the transition economies of Eastern Europe and the former Soviet Union from different perspectives from other scholars. Wedel focuses on the "relationships of aid" which created elite cliques, especially in the case of Moscow. Ledeneva, on the other hand, focuses on the "unknown commonplace" of informal economic relationships in the Soviet and post-Soviet period. Both of the books being reviewed share an explicit focus on institutionalized relationships between people and how these social institutions impact economic conditions. From the very start, Western aid to Eastern Europe was based on a disconnect between East and West, stemming from cold war barriers. Both West and East had images of each other based on distance, differences in language, and semi-closed borders. Wedel argues that foreign aid went through three stages in Eastern Europe and is going through the same stages in the former Soviet Union. "Triumphalism" refers to the initial euphoric stage when the West was viewed as a savior that could reconstruct broken economies. Gradually, the failures of this stage led to a period of "disillusionment" or mistrust. As both sides began to understand the needs and expectations of one another, disillusionment was replaced by a phase of "adjustment." A key element in the adjustment period, according to Wedel, is that Western aid officers understand the historical and cultural contexts in which aid is being distributed.

A question of audience arises in this book, as it is an ethnographic study with overt political

implications. Anthropologists, political scientists, economists, policy makers, and development officials all make up Wedel's audience. Hers is not a conventional ethnography and in some ways is more like investigative reporting than ethnography. On several occasions, the lack of attention to the wider population disturbed me, but Wedel's primary population is international actors and local government officials, showing that ethnography is no longer limited to village or neighborhood level studies. As an ethnography of multiple levels and informants acting both locally and transnationally over the course of a decade, Wedel's book takes up a challenge that other ethnographies have not. Global relationships also require the close scrutiny of anthropological study and Wedel includes in her analysis the reactions and perceptions of local, non-elite actors as well, even though they are not the primary focus of her study.

The main difference between aid to Eastern Europe and Russia was the identification of a political group of elites who became responsible for the distribution of all aid. Further, USAID gave full responsibility on the donor side to a single group, the Harvard Institute for International Development (HIID), under the direction of Jeffrey Sachs. Members of the Chubias Clan and HIID were the distributors and main beneficiaries of most of the aid given to Russia. The result has been the rapid development of gross inequalities in wealth between Moscow and the regions as well as between political elites and the average citizen in Moscow. Wedel works out the complex relationships, as another anthropologist might outline the kinship structure of a small village in the Amazon or the New Guinea Highlands.

Wedel builds on the efforts of other anthropologists, such as Escobar and Ferguson, in analyzing the process and structure of aid. Though much of the ethnography is broad in scope, Wedel manages to tie her analysis back to a solid ethnographic literature in post-Communist studies as well as classic texts in political anthropology and kinship analysis. She focuses on understanding cultural processes that complicated and even hampered aid efforts in Eastern Europe. Western developers went into Eastern Europe with the assumption that they could apply the same

programs as they had elsewhere, paying little to no attention to cultural features and communist legacies in the recipient cultures. Her interviews reveal that those who spent more time in a single location and showed sensitivity to cultural factors had much more successful outcomes. One of the strongest parts of her analysis is this cultural explanation of communist legacies and the specific ways in which it has influenced the course of aid relationships.

Ledeneva undertakes an historic-ethnographic study of the practice of blat. Distinguishing between personal networks and blat, Ledeneva defines blat as an informal response (using personal networks) to scarce goods and services. She begins the book by tracing the changes in the usage of the term blat through a study of the satirical journal *Krokodil*. Interviews and oral histories conducted in 1994-95 elaborate on the themes that emerge in the archival account of blat networks. In the early part of this century, blat referred to corrupt activity, but in the 1930's usage shifted as shortages of consumer goods became widespread. In the post-Soviet era, usage of the term blat has shifted back to the original negative connotation.

In particular, one chapter focuses on fitting the idea of blat into the anthropological and sociological literature on other informal structures. Though blat shares some similarities to bribery, corruption, the second economy, patron-client relations, and fiddling, Ledeneva still finds differences. Blat is perhaps closest to examples of the second economy, but a key difference as Ledeneva points out is misrecognition of blat as a system of denial, system of ambivalence, and a system of power. While people recognize and blame others for the use of blat, they do not recognize their own activities as blat. As a system of power, blat is a counter-ideology to the Soviet system and received a "negative legitimacy" through misrecognition and excuses that shifted the blame onto structural inefficiencies or other factors beyond the control of the individual.

The majority of Ledeneva's work is spent teasing out the origins of blat, how it emerged in response to structures in the Soviet state, and the internal logic of the practice. A key to the logic is that of reciprocity. According to the "rules" of blat, the return of a favor does not have to be direct, and often is a favor done on behalf of a friend of a friend. Such indirect reciprocity hides the act and contributes to the misrecognition of blat. Blat, she claims, was not universal, but rather was used

under specific social conditions. There are several distinguishing features between horizontal and vertical forms of blat. Horizontal blat always occurs between equals, either kin or non-kin. Vertical blat occurs when one person is of higher status. Again, this exchange can occur between kin and non-kin, but the request generally goes from low status to high status.

At the very end of the book, Ledeneva examines the role of blat in restructuring the post-Soviet economic system and the future of blat relationships. In the early years, blat continued to be important, especially for entrepreneurs. Many early businesses were founded using blat connections. However, as the market economy has taken over, there is no longer an economy of scarcity. The result is that blat is no longer used by most Russians, except as a means of information sharing. All of her informants come from urban settings, which raises the question of whether or not there is a difference between urban and rural settings and the prevalence of blat in the post-Communist era.

Wedel and Ledeneva are seemingly in dialogue with one another. Both authors present the continuity of the post-Soviet period with the past. Elements of the past have been transformed to deal with new socio-economic circumstances. These books would work well in a variety of courses, ranging from economics courses to post-Soviet studies. Pairing up Ledeneva's work with Mauss's *The Gift*, would add an exciting twist to discussions of gift economies. Both books, especially Wedel's would be a useful addition to a course on development. These books would be excellent additions to courses on contemporary ethnography of Europe; post-Soviet economy, development, history or anthropology; or political science courses on democracies in transition.