Looking at the ‘sharing’ economies concept through the prism of informality

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How do the ‘sharing economies’ relate to the long history of informal economic practices as understood in the social sciences? This article examines conceptions of the sharing economy in terms of its relation to scholarship on informality. By using two case studies of informal economic practices that originated in socialist-era societies and continue to the present day in modified forms, we critique the notion that sharing economies are significantly novel in form or logic, other than technologically. We draw attention to the variety of informal economy practices to discuss how they may be socially embedded or disembedded. The main focus on global technological leveraging of productivity and connectivity in sharing economy practices would suggest that many aspects are akin to disembedded forms of informality. Scholarship needs to address the ongoing disciplinary parallelism on prefixed ‘economies’—in doing so it would provide a better contextual and theoretical understanding of ‘sharing economies’.

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Introduction: what’s so new about the sharing economy?

With an estimated $17 billion in net worth, companies that have spread across the world in less than 10 years, and active interest by national governments to further facilitate expansion (Wosskow, 2014), it comes as no surprise that the so-called ‘sharing’ economy is one of the most debated issues in the business, political and, recently, academic community. It has been suggested that sharing economies will bring about a revolution in our lives (Heinrichs, 2013; Koetsier, 2015; Mason, 2016; Zervas et al., 2014) and that they might solve sustainability and productivity issues
in most economies. Recent views have also echoed previous work on informality suggesting that sharing is a temporary phenomenon, acting as a buffer zone in times of economic crisis and thus its success will be mitigated by economic prosperity once the current economic crisis is over (Hamari et al., 2015; La Porta and Shleifer, 2014). By contrast, the mainstream view rests on the principle of reducing transaction costs (Dyer, 1997; Dyer and Chu, 2003; Hennart, 1988). The idea behind this is that technology-driven process of increasing connectivity fundamentally lowers transaction costs for producers and consumers alike, allowing the exploitation of under-utilised resources — whether physical or human (Cohen and Kietzmann, 2014; Hamari et al., 2015). This process is viewed as both unstoppable and accelerating. Efficiency and productivity gains commensurately increase with connectivity. In the most positive treatments, new jobs are created, and not just in low-skill areas. This has prompted a number of reflections on an agenda for addressing the issues that the sharing economy is raising (Malhotra and Van Alstyne, 2014). In particular, critical views question the very term ‘sharing’, since the most visible examples involve technology enabling affordances that allow a greater rate of (often micro) capital exploitation (cars as taxis, private accommodation as mini-hotels etc.), and, low wages and precarious self-employment driving workers to ‘sweat their assets’ (Hern, 2015; Kaminska, 2016a, 2016b).

This article offers a new perspective on the sharing economy by drawing on the large body of work in sociology and anthropology on informality and the informal economy. It uses examples from the former socialist world, where informality has long been studied alongside the formal economy, to explore what we see as fundamental similarities between what have been studied and theorised as informal (economic) practices and exchanges and what, in the digital age, we have come to understand as ‘sharing economies’. While many socio-economic differences between Eastern European ex-communist countries and Western Europe and North America persist, the former are a heuristically useful set of cases for comparison as their levels of employment and self-employment, welfare state arrangements and levels of industrialisation are much more similar to those in the ‘Global North’ than the developing world countries in which the study of informality originated.

What is remarkable about informality in the former communist world, even after transition to market economies, democratisation and, in many cases, accession to the EU, is that a spectrum of economic transactions—from taxi rides to the mass import and export of consumer goods—escape quantification and oversight by the state (Morris and Polese, 2014, 2015). Not only are informal transactions in goods a large share of uncounted GDP (Schneider, 2013), services and employment too have a large unregistered component. Only a small part of this informality is illegal—cross-border smuggling and the like. Much of it exists in a grey zone—the same kind of grey zone we now see associated with aspects of the sharing economy: to what degree do the owners of Airbnb properties declare their profits on their tax returns? Do they tell their mortgage companies they are subletting (potentially putting them in breach of covenant)? Do they have an employment contract with the cleaner? Is the cleaner working legally? If we substitute the Airbnb example with the low-fi, pre-digital version known to all travellers in communist, and now ex-communist, countries: the old women holding up signs at railway stations that say ‘room’ and the hundreds of village dwellers whose homes become bed-and-breakfasts over the summer months, then the argument is clearer: at least in many places (perhaps the majority), the sharing economy is ‘merely’ a more technologically efficient version of the informal economy, with lower transaction costs for all, but also with the same risks and externalities (counter-party risk, socialised/externalised costs) and driven by the same economic logic for both sellers and buyers of the services in question. We put ‘merely’ in scare quotes because we are not arguing that
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the technological affordances and efficiencies are trivial. In a limited number of contexts (the ubiquitous examples of rented accommodation and hired transport) the sharing economy is thriving where informal arrangements were not otherwise present. There, the sharing economy has the potential to make transactions more likely where even the informal arrangements were non-existent before. Technology enables significant reductions in transaction costs involved in three areas—comparability of service/good; validation (trust); and transaction processing (Munger, 2015). However, we believe that the role of digitisation and the small scale, grey zone economic exchanges it enables is the only substantive difference between what have traditionally been recognised as informal practices and today’s sharing economy. As such, we believe that the conceptual distinctions between informal practices and sharing economies are overstated and that what have been parallel literatures should, instead, start talking to one another.

Interestingly, the above portrait of a fundamentally new, technology-driven expansion of the sharing economy, outside of a few narrow areas—online booking of accommodation is really the only major one—is not observable in most of the former communist world. Here, low-fi informality persists. The sharing economy is not taking over the informal arrangements that have a long history of embeddedness in personalised networks of trust and reciprocal relations. Where there is less of a ‘bed’ of informal relations that also function as network resources to ‘get things done’—as in many areas in the West—we do acknowledge the potential for growth in sharing. Fundamentally, therefore, we see informal economies as fulfilling the same function as so-called ‘sharing’—with the technological element having less of a significance or at least inflecting transactions in ways that do not significantly change their nature as part of the informal economy.

This is important because we are not arguing that the sharing economy is some kind of commercialisation of a version of informality which puts an emphasis on unchanging communities of trust and reciprocity. An example of that certainly has a place in the literature on informality from the socialist and post-socialist period. To take the cab-for-hire example: the socially embedded practice of lift sharing and hitchhiking has had a long history in such countries and remains. But most informal practices did and do have a strongly commercial nature: whether the focus is gypsy cabs or informal childcare (one of our example case studies below)—a currency of sorts, whether cash or something else—has always featured prominently. Today, what is different about informal transactions is that the person who comes to care or comes to pick up a passenger is most often not a neighbour or friend or recommended by someone close, but someone unknown: a service provider, and certainly for cash, not other currencies. So at the aggregate level we have a commercialisation of the informal sector, but it is not the ‘commodification’ of communist-era practices, but the disembedding of such service relationships instead. In this sense the informal in ex-communism and sharing are one and the same in such national contexts.

To summarise our argument, mass connectivity makes economic exchange across more degrees of separation possible and, if we want, we can call this the ‘sharing economy’, critique of the term notwithstanding. But ultimately, the nature of the economic transaction, especially at the micro level, is unchanged. Sharing is the utilisation of often micro-level private capital and human assets; it is a short-circuiting of middlemen and overweening regulatory regimes (Koopman et al., 2015). In short, we argue that conceptually the many degrees of separation possible as a result of technological connectivity is less relevant than usually argued. What is important is the same economic logic; this, we argue, is the same in informality and in sharing. Historically, in informal transactions, the degrees of separation were fewer (people were
closer physically and socially); in the sharing economy, those ‘sharing’ services can be farther apart, but the transactions they engage in are driven by the same logic as the informal and are qualitatively the same. That they have been given a new name—the sharing economy—is more a function of their novelty in the minority economic world represented by the Global North. At the same time, informality itself has been long neglected as a fundamental part of the economic relationships that are not ‘countable’ by the state or economics (Harding and Jenkins, 1989).

Finally, on the key argument that transaction costs are substantially lowered by the technological fix that sharing provides: this is significant, but should not be overstated, given the evidence from informality. Informal economic transactions in socialist and then post-socialist societies arose for a reason—the primary one being the lowering of transaction costs and the problem of trust. People relied (and continue to rely) on personal networks to vet providers, but this is often highly sophisticated and involves webs of extended relations in space going far beyond the personally knowable. To return again to the ‘gypsy cab’ example, everyone has the phone number of an unregistered, yet safe and reliable driver who is available on demand. And usually they will have two or three. This is a nice example also because it shows why sharing ‘apps’, like Uber, have tough competition in contexts where informality is well established. It is because ultimately the nature of the transactions is the same. The need for ‘trust’ (cited as a major advantage of sharing—but illustrated better by the informal economy example) may be offset by the need for even greater convenience (I want the cab RIGHT NOW!). But in that case Uber loses again: in many places I can just hail a private car owner, and will shortly be transported to my local destination for a small cash fee (with ‘transaction clearing costs’ hardly of relevance in cash-dominant non-Global North contexts). In other words, in terms of transactional cost reduction, sharing and informality can be seen as two sides of the same coin. Certainly in contexts where service providers and consumers are increasingly interconnected by technological affordances like the internet, we see transaction costs lowered by this and the sharing economy increasing. However, the informal economy has long ‘organically’, for want of a better word, functioned as a way of lowering transaction costs for goods and services in contexts of shortage or where the formal economy did or does not function as it should (again for cabs in the post-socialist world, the example is simple: the regulatory framework as a bottleneck in provision and predatory and cartel pricing of ‘official’ cabs).

The rest of this article is divided into three main sections. The first briefly outlines the conceptual similarities between sharing and informal economies, identifying common points of the literature and in what aspects they seem to converge both theoretically and empirically. The second section presents two illustrative case studies on informal economies. Both cases detail ‘sharing’ economically significant practices that existed in the socialist period and were, broadly speaking, socially embedded—i.e. had meanings and significance that were as important as their economic affordances for people. In the current period, they are mainly commercialised and largely indistinguishable from the sharing economy. In the conclusion, we highlight how the different fates of these practices in the present provide important insights to the general debate as to the meaning and significance of the ‘sharing’ economy generally.

From shadow to sharing to informal economies and back again

The growing body of literature on sharing economies has mostly concentrated on case studies on the monetary value of such practices (Zervas et al., 2014), and emphasises sustainability and participation by looking at the way
sharing economies have been able to unpack assets that have remained unused or underused so far so as to suggest that the sharing economy is a modality of economic production (Benkler, 2004).

Critics of this position look at the way sharing economies come to be distributed, or shared, across various segments of a population. If social media and new technologies seem to give a chance for everyone to participate, bringing back marginalised communities that can now have a louder voice in a number of issues (Dillahunt and Malone, 2015), some evidence shows the uneven distribution of sharing economies and their relative underdevelopment in disadvantaged communities (Thebault-Spieker et al., 2015). This position is echoed by studies that see economic gain, or perceived risks, as the main reason for engaging with sharing practices (Lamberton and Rose, 2012; Hamari et al., 2015).

‘Sharing economies’ being a wide term, at least four different modalities of behaviour have been suggested for making a definition more concrete. While the collaborative economy unlocks the value of underused assets and bypasses middlemen (etsy, Kickstarter, Transferwise), the sharing economy shares underused assets for a fee (Airbnb, BlaBlaCar, JustPark). Such social phenomena may be seen as separate from collaborative consumption that revisits traditional market behaviours taking place in ways and scales not economically convenient prior to the internet (Zipcar, eBay) and from on-demand services matching supply and demand at the micro-level (Uber, Instantcart) (Botsman, 2015).

More critical positions have come to question the very term the ‘sharing’ economy, suggesting that nothing is really ‘shared’ since everything it describes occurs against the backdrop of the expectation of monetary compensation. Others have even suggested that the term ‘sharing economy’ be deleted from our vocabulary (Hern, 2015). These critics maintain that reciprocity arises out of client-service relationships at a point in time only, therefore it is misleading to compare it to a more socially embedded relationship towards ‘common’ goods that ‘sharing’ presupposes.

While elsewhere we have argued that the persistence of informality in the post-socialist world is a function of ongoing economic dislocation and incomplete transition—and that similar economic issues in the Global North proper might also see an increase in informal economic practices (Morris and Polese, 2014)—the idea that informality is here to stay is redundant for the argument we wish to make. What is most instructive about the socialist-era and, now, post-socialist cases is that informality was and remains a shorthand for solving problems of supply and demand, especially for services in economies where service markets were, and remain, underdeveloped and where shortage, especially in services, was the norm (Cook, 2007; Verdery, 1996). To put it differently, shortage—especially shortage of services—generated unmet demand, which informal transactions could tackle locally. Due to the personal nature of services (compared to, say, manufacturing or even agriculture), in suppressed service markets informal service exchanges were unavoidably embedded in pre-existing social relations and, as a result, not dominated exclusively by cash-for-services exchanges, but exchanges in broader sets of ‘currencies’.

Now, due to increasing inequalities, we see a different kind of shortage—inadequate household incomes to consume at a middle-class level. Thus in service markets the world over—including advanced, long established markets—we see the emergence and successful operation of what can be called ‘informal exchanges’. The internet and the shift towards consuming services (rather than goods, as was the case during late industrialism, i.e. after WWII until the 1980s) makes micro-exchanges ubiquitous and much more ‘democratic’.

Another similarity between informality and sharing is the cash nexus: in the past, informality was not necessarily commercialised: other
currencies of exchange existed (especially favours or payment in scarce goods or in access). In time, however, informality, while very much persistent, has been transformed. The shift to capitalism and the penetration of markets has meant that a market logic has also penetrated deep into long-standing informal exchanges. The result is that currencies of exchange have narrowed and, though informal, have become much more cash-centred. The neighbour might be looking after a young child while parents work, but while 40 years ago no cash exchanged hands and instead the neighbour received other ‘things’ in return, today the neighbour will receive cash or material goods for her trouble even if neighbourly relations are excellent. This process of commercialisation has less to do with the service that is wanted and supplied and more with the changing meanings of money: in socialism most people had enough of it, but could buy little with it in a shortage economy, whereas in post-socialism money means status, influence and the means to secure a more comfortable, well supplied life. Money has always been ubiquitous in the sharing economy, though the reason for this is probably because what has been called the ‘sharing economy’ has been observed exclusively in advanced market economies where everyone participates in the monetised economy. Regardless, the fact that informality in post-socialism has been changing, with cash much more ubiquitous in informal transactions than a few decades ago, makes informality today very similar to what has been described as ‘sharing’ economies. Were informal transactions still largely associated with non-monetary currencies of exchange—luxury imports (e.g. jeans and Western cultural products) or illegal consumer goods (e.g. birth control in Ceausescu’s Romania), favours and reciprocities in kind—our argument of conceptual sameness would be more difficult to make. But with informality having become increasingly more monetised, its sameness with sharing economies is that more obvious.

Sharing economy avant la lettre: examples from two post-communist states—childcare in Romania and workplace lotteries in Albania

The goal of this empirical section is to show the existence of informal ‘sharing’ mechanisms that predated what is now known as the sharing economy, but persist, and moreover are described as informal exchanges even today rather than what we believe is the equally fitting sharing economies concept. These practices belonged and still belong to the informal sector/informality, were and remain localised, but met and still meet needs of a community and could be dubbed ‘sharing economy’ (if there had been or if there were smartphone apps involved).

A salient example is childcare—a service universally demanded and one that is often scarce due to inflexible regulatory regimes inhibiting private provision, or inadequate public provision (for a discussion of this, see Kovács, 2014). Especially during the early years, when care is intensive, it is seen to amount to a lot more than ‘looking after’ or supervising the child(ren). During state socialism in Romania, working mothers had no access to paid parental leave (e.g. Inglot et al., 2012). Working parents with babies and toddlers who required childcare had recourse to either their own mothers, who were either retired due to the low retirement age or, in the countryside, homemakers, or local crèche services. Service provision, was, however, of low quality and coverage rates were low. Parents who chose to avoid overcrowded and understaffed crèches, despite being unable to rely on familial childcare, had no formal childminder or nanny market to turn to: such arrangements were not part of the public services infrastructure, the expression of state monopoly in social welfare regulation, financing and, most importantly, delivery (Verdery, 1996). In such circumstances, working mothers opted instead
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for informal childcare alternatives, often supplied by elderly neighbours or friends:

.. when I was two, she [my mother] divorced my father and .. until I was six and something, close to starting school, I had no stepfather. So I really don’t know why [she didn’t sign me up for kindergarten], to be honest. .. Not to mention that during those two years, they lived apart quite a lot and my mother works, was working the third shift. Soo (Interviewer: Which is the night shift ...) At night. So she used to work during the night so she could be with me at home during the day. And I would sleep alone at night since before I turned two. I have no idea how I managed. No idea how she managed it. Then she had someone renting a room and living with us, who was sleeping there at night ... But at the end of the day, it was this decision of hers. Not to sign me up for kindergarten.

Atypical or particular childcare needs were solved by pooling time and care resources locally, without cash necessarily exchanging hands, the currency of such exchanges often being reciprocity in kind. More recently, interviews with urban and rural Romanian parents, carried out in 2010 and 2015, revealed that childcare remained a social need tackled locally in a similar vein as thirty-odd years ago, making recourse to exchanges in kind between households bound by norms of neighbourliness and intergenerational respect and mutuality. Dual-income households with young children, but without the ‘luxury’ of available grandparents or accessible public childcare services deemed appropriate, found themselves looking for regular help during working hours. In several cases, childcare ended up being delegated to an elderly—usually retired—neighbour, happy to act as a sort of surrogate grandmother to the working couple while the child was too young to attend kindergarten. Interestingly, while parents usually expected and wanted to pay for their neighbour’s time, love and care work, reflecting what may be seen as the capitalist norm of “time is money”, relatively new in post-socialist Romania, the neighbour-cum-nanny often refused or shunned such cash-for-care arrangements, requesting instead a return of favour, in kind. Mircea, the father of two kindergarten-age boys living in a large rural community with easily available local part-time and full-time preschool education services, explained:

Mircea: If we leave them with tanti Ileana, we don’t need to take a great deal of stuff because if they need to go to sleep, she can come, she has a key [to our house], she can come and she knows her way, she comes, takes whatever she needs. … Or if we take them [the boys] to sleep over at her’s, we take their pyjamas, we no longer need nappies now because … (Interviewer: He is a big boy.), no longer drinks milk.

Interviewer: And do you help tanti Ileana with money when she stays with the kids or?
M: Ooh, no.
I: No, she helps out of the goodness of her heart.
M: She helps us because she really has no one. She has … a child who is now going abroad, he works, I think, driving trucks. He is leaving, I don’t know, today, yes, he is going abroad today. It is us she has. Whatever she needs, “Mircea, I need this, Mircea, I need that.”
I: Oh, so you help her out with whatever she needs.
M: Exactly, yes, or she might want me to drive her to see her parents in C [village some 40 km away] or whatever. “Come on, tanti …”

Mircea’s wife also explained that the relationship with tanti Ileana was about more than just childcare. The young family also did tanti Ileana’s supermarket shopping and accepted no money in return. Tanti Ileana, used to raising her own poultry and cows, accepted to keep
chickens for Mircea’s family, though with chicks and feed purchased by Mircea.

It is noteworthy, however, that Mircea’s experience, while reported by a few other families, seems to reflect a less common arrangement. Instead, what used to be locally pooled time and care resources for parents without access to either grandparents or public crèches, has become an unregulated sector of the post-socialist market economy, notably cash-for-care exchanges between families with children under age three and women of all ages looking to complement their incomes by working as nannies. What is much more common than the Mircea and tanti Ileana relationship is dual-income couples, looking for good quality personalised care during the early years hiring (though parents themselves rarely use this term) “a woman” to care for their babies until the transition into formal childcare can be made at age two or, most commonly, at age three. Working couples without available or willing grandparents face the same dilemma as their parents’ generation, but they no longer ask their widowed neighbours to help out with the younger child’s routine care in exchange for various odd jobs the elderly neighbour might need doing. Mothers’ local grapevines and various online platforms, the locus of loose communities of parents sharing similar care-related constraints and expectations and having at their disposal similar childcare budgets, form the starting point of a search for a nanny who, for a sometimes hefty sum, will care for one’s baby or toddler in the child’s own home, during the time the mother requires this and according to the exigencies of caring that the mother expects.

Although such cash-for-care transactions take place informally and in the private home of the individuals concerned, the currency of these exchanges is markedly different from that between Mircea and his neighbour. And while local childcare needs generate local income-generation opportunities for women who have either retired or cannot find suitable employment, thus creating value in the form of employment and personalised, home-based childcare services, this type of commercialised cash-for-care exchange is not rooted in ‘sharing’ but in ‘contracting.’ Interestingly, middle-class, dual-income Romanian couples are not looking to pool their and other dual-income couples’ time and childcare needs, engaging in childminding using some kind of rotation principle: this would be the ideal example of sharing the costs and labour of early years childcare locally, using locally available resources. Instead, these families wish and are able to contract out caring work on a regular basis to women who will engage in what is seen by them as employment, not a favour (Kovács, 2014; for Slovenia, see Hrženjak, 2012; for advanced capitalist nations, see Lister et al., 2007).

Informal childcare solutions for very young children, then, existed in socialist and now in post-socialist Romania continuously, though sharing childcare among parents—e.g. childminding through rotation, but without the formalisation that the UK registered childminders system implies—never seems to have been a solution to local childcare needs. Perhaps what is more relevant is that exchanges around childcare among members of the community bound by more complex reciprocities and interdependencies have been replaced by transactions, i.e. cash-for-care exchanges. The monetisation of what is owed for a favour such as early years childcare transforms caring into a commodified service, pushing it into the economy, removing early years childcare from the realm of neighbourliness. Yet this shift in the way in which parties agree to undertake the exchange does not alter the informal character of the exchange: indeed, we have described cash-for-care exchanges in local childcare markets first and foremost as examples of informality (Kovács, 2014; Polese et al., 2016). Still, all of these features of informal childcare services—the mobilisation of micro-capital (in the case
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of care, human capital) towards what is, at the end of the day, precarious employment (for this argument in advanced capitalist economies, see especially Ehrenreich and Hochschild, 2003; Lister et al., 2007), occasioning a monetised exchange between complete strangers, though recommended by some middle person—seem to illustrate what we also recognise as typical for the sharing economy.

Firm-based informal saving and loan-financing schemes in Albania

During communism there were lottery scheme practices and employer loan arrangements that spread throughout Albania, particularly in organisations which employed larger numbers of people. This type of semi-formal, semi-informal arrangement of micro-financing was common in a number of socialist states (see Hudson, 1980, 130). While the historically ambiguous social and legal status of lotteries is not just a socialist-era phenomenon (Munting, 1998), the problem of disentangling legal and illegal lottery-like schemes in communist societies has a long pedigree. At that time, there were no private banks and loans from the state run/owned bank were rare. On the other hand, very low interest rates were applied to saving deposits in the state banks (e.g. 1–2%). As in many communist societies, salaries were low and ‘social’ wages—benefits accruing from membership of work collectives and attachment to enterprises—were highly significant and substantial. In addition, consumer goods were comparatively expensive and in great shortage. Domestic appliances, like everything else, were sold by state owned retail chains. TVs and washing machines were allocated according to a system of requests in advance and ordered allocation—there was limited supply of such equipment. Even if getting preferential access to an allocation ‘queue’ by virtue of their attachment to a favoured state enterprise, people could wait for years before getting to the top of the waiting list, even if they had the money to purchase outright. Usually, party active members and well-connected people (personal networking) had priority to get such equipment first (using informal arrangements—made famous as ‘blat’ in the treatment of the Soviet Union context by Ledeneva, 1998).

For people who were employed in agriculture cooperatives, salaries were so low that saving was not possible (it was not common for households relying on work in agriculture cooperatives to buy a TV or washing machine). For other categories, it was possible and common to save up for consumption: e.g. typically to buy what were expensive goods—TV, washing machine, wood furniture, a car (houses were typically provided for free by the state, although a new family had to often wait for years before getting a flat). Thus informal mechanisms for saving and loans were highly important—their existence as part of the incentivisation of employment relations was significant.

In large employing institutions, employees established informal saving network schemes. Since deposit interest rates were not attractive, and there was not much use one could make of small-scale savings, people participated in savings networks. They would save a small fixed sum every month and the saving network could collect a certain amount that could be allocated to one of its members. For example, assuming 12 participants, the network could make a significant amount per month—more or less sufficient to buy a TV or washing machine. Organisers of these schemes would, through a lottery every month, determine who would receive the monthly budget. Members who benefited the first or the second month were tied into the scheme for the following 1 year (or longer, depending on the scheme). By the same logic, while bank loans were not readily available, ‘credit’ could often be obtained through the firm, particularly by long-serving employees of good standing. According to the logic of such schemes, there was a utility incentive for people to involve themselves and ‘share’ or pool resources. First, if every
household decided to save the monthly contribution instead of putting into the scheme, they would have to wait for about six years before they would gather the money to buy the TV or washing machine (considering that saving interest rates were so low). By participating in such schemes, people would at the worst (if they did not win the lottery until the end) have the money to buy the TV after six years, or at best within the first month, and on average after three years. Often people justified their participation in such schemes to force themselves to save.

Although such schemes most typically aimed to finance equipment purchase for beneficiaries, there were cases where beneficiaries used this money for other purposes, e.g. to cover wedding costs—in that case, members could agree to skip the principle of lottery and decide jointly to give the money that particular month to the person that needed the money (in case of extraordinary reasons such as a wedding). Such schemes were often managed by accountants (e.g. those who were paid an official salary by the firm). The schemes themselves were completely informal (no formal regulations or written rules). They were widespread and were not forbidden by the state, but existed in a legal grey zone (i.e. in that they were uninsured and not covered by banking licencing).

There were several conditions that enabled the existence of such schemes. Particularly in the socialist period, but even today, physical and employment mobility remain low. Secondly, there was a particular corporate style normative and conforming behaviour, a type of strong social/peer pressure which conditioned individuals to engage with the work collective in ritualised ways, but also in the form of the pooling of particular resources—‘sharing’ during communism. These schemes still exist in post-socialist Albania, despite the fact that Albania is a free market economy with private banks; and commercial loans are available with competitive interest rates for deposits. On the one hand, this can be explained by the persistence of workers’ attitudes towards paternalistic and communalistic relations in the workplace—they expect ‘work’ to provide more than a wage. The workplace remains a place in which socially embedded relations endure, at least in a decaying and atrophied way (Morris, 2016). However, on the other hand, such ‘social’ explanations are arguably less important than economic ones—including transaction costs. The firm does not require a credit check on the employee, so the employee sees advantage here too in that a loan with the firm does not reduce credit-worthiness in the formal sector, to which the employee may also apply. The savings are not taxable, and do not reduce the employee’s eligibility for means-tested in-work benefits—where they exist. The savings schemes, given the often parlous state or dubious credentials of private banking, are seen as somewhat safer. While international banks may offer highly attractive loan and savings rates, these are almost always tied to US dollar or Euro exchange rates, against which the local currency (outside the Eurozone) can fluctuate significantly. Finally, in the informal schemes, loans and savings are usually extinguishable ‘on demand’ for the employee and instead of a (possibly variable) interest rate, have a fixed fee/benefit outcome. Thus in terms of trust, information and clearing costs, these schemes offer potentially lower transaction costs overall, even for ‘middle-class’ consumers and employees.

Discussion and conclusion

So much of the attention to the so-called ‘sharing’ economy in the press and in scholarship is connected with teleological visions of the benefits of ‘going global’ online. However, many of the criticisms rightly point to how few benefit, particularly in the long term, from the productivity gains and other affordances of the individualisation of risk this entails. In addition, the
Looking at the ‘sharing’ economies

focus on technology obscures the long-standing, socially embedded and non-Global North pedigree of many ‘sharing’ practices. People the world over have been ‘sharing’ one way or another for a very long time, but making local practices and turning local goods into occasional merchandise is now possible globally because the internet makes global connections possible.

This creates value for the isolated, occasional seller, but mainly for the entity creating or maintaining the global (online) platform—a discussion of which is beyond the focus of this article. The isolated, local seller is usually supplementing another income—indeed, that is telling in itself in that the ‘sharing’ economy income does usually ensure enough compensation to allow household reproduction without another income (Michel, 2015), but the individual ‘sharing’ economy participant remains largely atomised in a disembedded economic process, frequently without recourse to the means to build coalitions with other sellers or even clients. It is the one who operates the one online platform who reaps billions.

We highlight the cases from Romania and Albania for a number of purposes. First they are generalisable—citizens of many societies that continue to transition from socialist systems in Eurasia would find them very familiar. Indeed, as regards childcare, Lister et al. (2007) described how, in fact, bespoke, home-based informal childcare services are also becoming increasingly more common in advanced capitalist European societies regardless of the quality and costs of formal childcare services provision. The informal practices we use as illustrations in this article have been noticed, with different modalities, well beyond post-socialist spaces (inter alia, the lottery scheme exists in Nigeria, personal loan schemes are a reality in Vietnam). Those in other non-Global North contexts might also note similarities—savings clubs, small-scale lotteries and informal childcare exist there too. Broadly speaking, informal yet economically significant practices that arose in the pre-capitalist period in such societies were socially embedded, i.e. carried social meanings and significance that were as important as their economic affordances for people. Thus in informal childcare, issues such as social trust, connectedness (in terms of informal or kin ties) and evaluation of the non-economic benefits (suitability of carer for role) were significant. Similarly in the Albanian case, enterprise-attachment and worker expectations of the social benefits (externalisation of risk and the ‘difficulty’ of saving) through a lottery scheme were as important as the final economic result for the individual. The difference now is that in the childcare case, unlike the savings lottery scheme one, social context is largely usurped by instrumentalist economic rationality, making the informal and sharing economies in these societies largely indistinguishable conceptually, if not for the technological affordances of the latter.

What we have tried to show is that the social practices we designate as part of ‘sharing economies’ in one body of literature are, essentially, the same social practices, rooted in similar rationales and social and economic functions, as informal practices involving cash transactions, discussed in a different body of literature. The rationales and ways of sharing (behaviours) in sharing economies also describe the rationales and ways of sharing we see studying informal economic practices in post-socialist states (Morris and Polese 2014, 2015). They can transform to be mainly economistic—although writing elsewhere on Romanian childcare, Kovács (2014) describes how elements of non-economistic reasoning continue to inflect the care client-service relationship (though this is thanks to the very special nature of caring as compared to other services rather than anything to do with marketisation or regulatory bottlenecks that create demand for informality). Equally, they can continue to exist informally and in parallel to the technologically enabled ‘sharing’ economy practices, but remain less liable to render their providers on the losing end of
an encounter with global capitalist forces—the phenomenon of ‘gypsy’ cab drivers serves as a good example. It is unlikely that Uber will anytime soon dislodge the hordes of unlicensed and unmarked informal taxicabs that exist the world over—from Brooklyn to Bangkok. For every Uber app there will be a localised non-technological alternative, or even a glocalised technological hack.

In some respects, a better understanding of what we mean by ‘sharing’ economies can be accomplished by discussing informal cash-for-services exchanges due to similarities in rationales and social and economic functions for those involved in such transactions. We might need to reflect on ‘sharing economies’ as just Western talk in relation to what scholars of majority-world nations and regions call informality and informal economic practices. We highlight the need to critically re-assess the assumptions of the concept and emphasise its Western-centric biases, which undermine its ability to actually ‘travel’ globally (even if, ironically, it describes processes which are purported to be global). As a result, the discussion about the rationales of sharing economies might need to be linked to the rationales of informal economic exchanges. And the benefits, functions and inequalities of power of shared economies need to be more clearly tied to the benefits, functions and inequalities of power of informal practices.

If we argue that sharing economies and informal economic practices are functionally and symbolically one and the same, then the question of what is ‘new’ or novel about ‘sharing’ does not necessarily make sense. Sharing economic actors are, at least in theory, more formalised than informal actors. They (inconsistently) pay taxes, some of them provide or require formal insurance but, also in this case, this may be seen as an extension of informal practices which may make use of ‘formal’ services, such as accountants (in the Albanian example) but to do informal work. Instead, sharing economies have introduced online referencing systems to mitigate the risks stemming from the expansion of informal practices to the global scale and, in the case of transactions that extend beyond the community level, from becoming anonymous and not allowing informal reputation checks.

However, we would also ask: why do informal practices remain unrecognised as legitimate solutions that co-constitute sharing economies? This question then has one of two answers. Either it comes down to parallel knowledge production processes in the social sciences, where behavioural economists, sociologists, anthropologists and area studies scholars continue to talk past each other—ironic, indeed, given the whole ‘connectedness’ argument of the ‘sharing’ concept. Or, alternatively, in some senses, sharing economies and informal practices may, in fact, be not two sides of the same coin, but two coins, distinguished by their prevailing moral connotations (sharing economies are innovative, hip, legitimate, while informal practices are an unlucky inheritance, undesirable, illegitimate). But again, this is a highly Western-centric view of economic development that would ignore the common inheritance of grounded, ‘bottom-up’ socio-economic work-arounds to age-old issues of how modernity meets or does not meet people’s needs.

Endnotes

1 *Tanti*, sometimes translated as auntie into English, is the Romanian term used to designate and to address women of an older generation with whom one is acquainted, but to whom one is not related. It is used especially to talk about and to elderly women though it is no longer used by children to address adult women, e.g. teachers or the mothers of their friends.

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