Informal health and education sector payments in Russian and Ukrainian cities: Structuring welfare from below

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Abstract
This article presents Russian and Ukrainian ethnographic case studies on informal payments in state health and education sectors. Overviews of post-socialist transformation can conflate daily informal payments to bureaucrats made by citizens with high-level political corruption. Micro-study analyses frame informal payments within a binary of ex-ante ‘insurance’ or ex-post ‘gratitude’, embedded within an economistic transactional frame. In contrast, this article takes a ‘social function’ approach, examining transactions for what they reveal about parties’ evaluations of personhood, both of the giver and receiver. Street-level bureaucrats and citizens engage in socially grounded negotiation whereby payment is assessed within a needs–means spectrum. The more needy, the smaller the payment; the greater the means, the greater the payment. This is an efficacy-affective form of redistribution and welfare functioning against a backdrop of the dysfunctional state’s refusal to act as social welfare guarantor. It reveals a degree of structuring from below of the qualitative intervention by the state in the lives of citizens, even as distrust and despair in post-socialist societies due to the retreat of the state from its duties towards citizens reach ever higher levels.

Keywords
Corruption, informal payments, moral economy, personhood, Russia, Ukraine

Corruption is a widely debated issue in a variety of disciplines and beyond; not only is it deemed harmful to good governance and state management (Acemoglu and Verdier, 2000; Cheung, 1996; Kiilgaard, 1988; Rose-Ackerman, 1999; The World Bank, 1997), but it is also a major issue within the theory and practice of development (Harrison, 1999; Laffont, 2006; Mauro, 1995; Palmier, 1983; Papava and Khaduri, 1997). Increasingly scholars have been studying and debating not only the causes and effects of corruption, but also the best way to at least curb it (Mungiu, 2006; Quah, 2006; Rose-Ackerman...
In short, it has become an object of interest for renewed ‘moralism’ in political economy (Kotkin and Sajó, 2002: 26): a widespread consensus that corruption is pernicious and should be fought by any means. This consensus has been shaped and supported by a set of institutions that have tried to measure corruption, producing indices and indicating practices that are detrimental to a country’s development (such as Transparency International but also the US Agency for International Development (USAID) or the World Bank – the latter a prominent publisher of academic ‘curbing corruption’ literature). However, quantitative measures of corruption have been largely unsuccessful (Torsello, 2011).

The Russian and Ukrainian contexts

Recently, scholars of post-Soviet transformation have focused on widespread corruption in Ukraine and Russia, linking its extirpation, or the evolution of societies out of the situation of endemic informal payments, to debates about modernization and transition to market economic relations (Anderson and Grey, 2006; Inozemtsev, 2009; Kuzio, 2005). Informal and illegal payments are increasing both in private enterprises and public institutions; in a recent study by Transparency International, Ukraine and Russia showed the highest level of corruption among the Newly Independent States, excepting Central Asia. In Russia low-level corruption is seen as endemic, although not as damaging as in Ukraine (Aslund, 2007: 259–264). While petty corruption has somewhat stabilized, high-level corruption in Russia as well as in business and the courts has increased markedly under Putin since 2000 (Anderson and Grey, 2006: xvi; Aslund, 2007). Transparency International recently (2011) ranked both Russia and Ukraine towards the higher end of the corruption perceptions index, at 143th and 152th places, respectively. It is important to stress that none of the indices measure corruption, merely the perception of it. Given that even in post-socialist societies many state–citizen interactions take place without a whiff of the soliciting or proffering of informal/illegal payments, there is a significant problem with such approaches – widespread knowledge of high-level cases of corruption ‘bleeds in’ to public perceptions of the whole social edifice, even if someone may never have experienced corruption first-hand.

Approaching corruption studies

This article attempts to concretize and contextualize the wider ‘corruption’ debate by focusing on an endemic practice in two post-socialist states: informal (often illegal) payments to street-level bureaucrats within the medical and educational state sectors. Our interpretive analysis of informants’ giving and taking of such payments indicates that in practice firmly held notions of reciprocity and mutuality exist alongside both norms of ‘citizens and street-level officials that explicitly condemn the giving or taking of bribes’ (Miller, 2006) and widespread ordinariness of informal and usually illegal payments. With some exceptions (Humphrey, 2002; Ledeneva, 1998), work on post-socialist informal payments is dominated by two normative words, neither of which is interpretively satisfactory: ‘gifts’ and ‘bribes’. The former understanding, after Mauss, is dominant in anthropological studies of non-European societies and emphasizes the reinforcement of social relations and the absence of any moral violation of norms (Granovetter, 2007: 3; Rose-Ackerman, 2010: 129). The latter concept, synonymous with ‘graft’, dominates in many non-governmental organizations’ (NGOs’) and international institutions’ interpretations, for example Transparency International’s league table of shame, and in general the anti-corruption industry (Sampson, 2010; Swain et al., 2010), in which former Soviet counties feature so prominently. The blanket presentation of all informal payments as corruption by such important non-state actors feeds into media and lay understandings, both at home and abroad. Even scholarly approaches have trouble dealing with terminology, either avoiding the gift-bribe dichotomy by recourse to sleight-of-hand definitions such as ‘out-of-pocket payments’ (Besstremyannaya, 2007), or acknowledging that informal payments are a result
of socio-economic conditions and can create equitable outcomes (or that outcomes do not depend on levels of payment – Besstremyannaya, 2007). Policy-orientated approaches rarely delve deeper than a dualistic gift/gratitude versus solicited bribe model (Balabanova and McKee, 2002). Recent scholarship on higher education in Russia unequivocally defines payments as bribes and corruption (2009, 2012). While in both the education and health sector it is difficult to disagree with this, we show that, alongside rent-seeking, other meanings of informal payments exist that are complex and differentiated.

Starting from the definition: ‘corruption is the use of a public function for a private gain’ (The World Bank, 1997: 8), economists from international institutions have explored many aspects of corruption. A more nuanced definition has emerged – ‘an illegal payment to a public agent to obtain a benefit that may or may not be deserved in the absence of payoffs’ (Rose-Ackerman, 2009). Here then, in an important intervention by Rose-Ackerman cited by the World Bank, a more subjective, evaluative categorization is proposed. While analyses often engage with social and cultural factors and admit the localized differentiation of the meaning of corruption for actors (Tanzi, 1998), they overlook the significance of useful concepts from anthropology, such as reciprocity, whereby exchange is viewed through the lens of sociocentric personhood (Patico, 2002); interactants of informal or illegal payments in negotiating a scene of reciprocity are also engaged in mutual recognition of their social personhood even if economic reasoning is a major motivation for the transaction on the part of the gatekeeper to resources or services (the doctor, the professor). This may be true despite the unequal power-relations in such an interaction. Indeed, those receiving payment because of their status as educator or physician may accept payment that reinforces their socially inscribed role and thereby position themselves in an honour/status relationship to the supplicant.

Anthropologists have focused on the question of relative social status in examining corruption, sometimes arguing that money transactions can never involve reciprocity (Lomnitz, 1971, cited in Grannovetter, 2004: 4). In a later development of this idea Lomnitz argues that ‘Material payment in return for favors is graft. It means the absence of any possibility of personal relationship or having friends in common. Accepting a bribe is an acknowledgement of social inferiority, like accepting a tip or gratuity’ (1988: 44). However, as Kotkin and Sajó emphasize, a society (they have in mind post-socialist states in Eastern Europe) where encounters of gift-giving between public and private persons is widespread may condone or tolerate money-payments as gifts for services, yet nonetheless condemn ‘impermissible levels of gifts or a disregard of public duties’ (2002: 30). These paradoxical attitudes to ‘gift-bribes’ are possible in a context in which a breakdown in state–society relations has occurred (Humphrey, 2002; Patico, 2002; Polese, 2008; Wanner, 2005; Werner, 2002). While far from ideal in practice, a contract between state and citizen was understood to exist in the Soviet Union 4 At the same time, the interpretation of ‘bribery’ as not a crime due to state dysfunction goes back to at least the Stalinist period (Heinzen, 2007: 399). We argue that while money-payments for services that a citizen should expect for free may look like ‘graft’, despite this reciprocity does have a place in understanding such payments.

**Moral economies of corruption and the limits to knowledge claims**

We do not use the concept of reciprocity to downplay the overall socially damaging impact of informal payments. Similarly, we do not claim that corruption brings economic benefits in terms of general economic development, as some have (see the classic liberal economic argument of Leff (1964). Neither do we seek to conflate street-level bureaucrats into an undifferentiated group that asks for lower payments from those of meagre means generally – in all sectors there is naked rent-seeking that flows both vertically and horizontally and has little to do with a moral economy (Kordonsky, 2012).

We limit our knowledge claims firstly to the locus of health and education citizen-street bureaucrats, acknowledging the high level of (much
larger-scale) illegal payments elsewhere in post-socialist economies (Fogarty, 2005; Karklins, 2005; Temple and Petrov, 2004). Secondly, we focus on the not unimportant moral and practical reasons for giving and taking payments that informants and actors invest their actions with, rather than the societal results of such action (which may include inequitable access to essential services such as healthcare). In a context where an ‘imperial or hegemonic planning mentality […] excludes the necessary role of local knowledge and know how’ (Scott, 1998: 6), both bureaucrats and service users perceive that informal payments allow service providers to ‘do well, while doing good’ (Inozemtsev, 2009). What we propose is, ironically, a similarly ‘moral’ approach to informal payments as that taken by mainstream political economy treatments; however, we understand the term ‘moral’ in tandem with ‘economy’ in an anthropological sense. The term ‘moral economy’, originating from EP Thompson and popularized by James C Scott (1976), has been used to question rational utility maximization in economic behaviour; in place of crude economism the notion of ‘reasonable price’ and fairness as general, shared principles, emerges (Hann, 2010). While the moralism of political economy results in an unacknowledged normative approach to corruption, our interpretive standpoint, indebted to both the concepts of moral economy and reciprocity, allows a more differentiated and nuanced understanding of the mechanism of informal payment practices in post-socialist countries. This also allows us to build on previous works showing that practices that may harm the state have micro-level effects that are complex. It is problematic to blanket-label such practices as unequivocally ‘harmful’ (see Van Schendel and Abraham (2005) on the distinction between illegal and illicit), an assumption that seems implicit in most anti-corruption literature. While reciprocity has been linked to enduring notions of justice, anthropologists need to be aware of how easily arrangements such as informal payments can slip into rent-seeking behaviour that cements itself as ‘hierarchical inequality’ (Graeber, 2011: 115). Nonetheless, recent work on corruption in post-socialist states has shown that questions of social justice and the re-construction of the welfare state from below are inseparable from the interpretive meaning of informal payments in education and health (Kordonsky, 2012). We touch on this issue in the discussion section at the end of this article.

**Law-based versus socially embedded approaches to corruption**

Critical responses to a formalist law-based and universal approach to studying corruption have come mostly from anthropological perspectives (Rose-Ackerman, 2010; Torsello, 2011) and human geography scholars (Gibson-Graham, 1996). While this position has sometimes been understood as ‘defending corruption as a socially embedded phenomenon’ (Scott, 1969, quoted in Rose-Ackerman, 2010), they reflect a more critical approach generally to the study of economic systems and practices (Gibson-Graham, 1996; Gupta, 1995; Parry and Bloch, 1989; Rasanayagam, 2011; Stenning et al., 2010; Williams et al., 2012) that seeks to ‘represent non-capitalist forms of economy (including ones we might value and desire) as existing and emerging’ (Graham, 2001). Such ‘diverse economies’ geographers stress the significance of non-market-orientated economic behaviour that includes ‘under-the-table’ transactions. Given the approach to corruption in policy-orientated scholarship, the diverse-informal refocusing of attention within social science has renewed the urgency of the need for ethnographic accounts of ‘corruption’, highlighting it as a pervasive, complex and differentiated (morally, economically and otherwise) practice (Miller et al., 2001; Torsello, 2011). Broad-brush analyses, focusing on the ‘failure’ of post-socialist economies in particular, risk falling into banalities where legal and property-rights reform strategies, successful in the West, are wrongly assumed to give the same results elsewhere (De Soto, 2001). The limits to a universal approach to corruption and its definition have been reinforced by the recent evidence of systemic public and private misfeasance and malfeasance in the West that has come to light in the wake of financial and political crises (Haller and Shore, 2005).5
Recognizing reciprocity and personhood in informal payment systems

In looking at informal transactions through the lens of reciprocity, the recognition of ‘personhood’ sheds further light on the meaning of these practices. Personhood as it emerges from the anthropological tradition refers to ‘social and moral states generated through encounters with others’ (Skeggs, 2011). Patico (2008), on teachers in Russia, shows how money and commodity offerings, such as ‘chocolate and cognac’, signify a differentiation for both giver and receiver in terms of affective meaning and recognition of personhood. Differentiation takes place regardless of the monetary or other form of the gift. Patico acknowledges that in the post-socialist context, the (culturally long-standing) acknowledgement of personhood in giving needs to be grounded in an understanding of new imperatives of economic self-interest and impoverishment – such gifts are both ‘strategic and sincere’ (Patico, 2008: 173). In a similar context (Poland), Dunn has provided the most extensive discussion of personhood as the recognition of ‘embedded social’ relations and characterized these interpersonal social obligations as resulting in ‘embedded personhood’ (2004: 162–74). While not challenging the conception of the bribe itself, Humphrey examined the problem of squaring bribery and personalized networks of reciprocity; this involved a significant step in questioning the blanket definition of all such practices as ‘corruption (2002: 141).

A further important context to personhood is the social fact of the state’s failure as a redistributive agent during transition to a market economy. We argue that not in spite of but because of state failure, street bureaucrats and citizens are daily faced with acknowledging the personhood of others. Faced with the stark reality of inadequate resources, each informal payment becomes an assessment of the social other: is the teacher ‘worthy’ of a payment; does the student ‘need’ the exam mark (perhaps they will pass successfully and fairly on a resit)? Is the patient in ‘need’ of the sick note or should a large payment be elicited? These decisions based on judgements around personhood are explored in our ethnography. Teachers and lecturers are supposed to serve a minor but economically significant role as auditors of the competence those entering the labour market bring. For this they are supposed to be economically remunerated in an appropriate way. In both Russia and Ukraine the pay of higher education instructors and many types of health professional is very low. We introduce a further Maussian concept: ‘social fact’ (after Durkheim) to draw attention here to the important shaping role that state dysfunction contributes to the normative, indeed moral understanding of informal payments in education and health. We show that in the education and health sectors, informal payments to street-level bureaucrats are rarely revealing of an unadulterated methodological individualism or rational self-interest. ‘Micro-social mundanities’ (Rapport and Overing, 2007: 285) are key to judgements on informal payment made in the realm of personal(ized) relations – however fleeting, constructed in situations of interaction. Viewing payments as social facts is also useful in avoiding the charge that we assume a kind of altruism and ethical basis behind the actions of street-level bureaucrats. As Erving Goffman famously showed, in the ‘front-area’ of social interaction where interactants’ roles are prepared for them by dramaturgical context, individual psychology need not come into play. The individual ethics of the bureaucrat may be far from charitable, or grounded in a sense of social justice; nonetheless, given the overarching reality of the expectation of differentiated treatment and, even more importantly, the possibility of professional expert discretion on the part of the payment recipient, the bureaucrat acts within a field already set up to allow his or her decisions to reflect a moral economy of means and need.

State–society relations: personalized bureaucracy?

An important recent intervention suggests that in understanding and combating corruption, work to improve the ‘functional responsibilities of the state’ is key (Rose-Ackerman, 2010). But what ‘desirable characteristics’ of the state can we identify in Russia and Ukraine to build on in order to reduce the necessity of informal payments? While Ackerman
criticizes ethnographers for their distrust of state and civil society solutions, her remedies are predicated on building on a social contract that it is assumed still exists regardless of the specific history of state–society relations (Migdal, 2001; Sharma and Gupta, 2006). But crucial to the post-socialist context is the social memory, firstly, of the socialist-era failure to tend to relatively straightforward needs (despite great advances in social protection, generally), and secondly, the economic catastrophe post-reform for most ordinary people that has continued for over a generation. Informal transactions are so embedded that it is impossible to eradicate them without dismantling the system itself (Morris and Polese, 2013).

If some transactions make up for state ineffectiveness and allow a form of redistribution and mutuality among citizens, it might be better for anti-corruption strategies to target activities that concentrate the capital upon which welfare is built in the hands of the few. Narrowing down the scope of anti-corruption measures would allow for more targeted and effective measures. Alas it seems that in Russia and Ukraine exactly the opposite is happening. The smallest of informal payments and infractions in these spheres are beingriminalized; it is difficult not to view this as both an unreflective response to external pressure (neoliberal international norms) and a convenient way to distract attention from larger-scale rent-seeking activities (Berezhnoi and Padchenko, 2010; Rivkin, 2012). Ackerman’s call for transparency and more bureaucracy (laws, ombudsmen) as a remedy are highly problematic in the post-Soviet context.

Methods and research materials

In the rest of this article we present our empirical materials: case studies of payments in universities and hospitals constructed from our long-standing fieldwork and in-country engagement with these sectors (2003–present in Ukraine and 1999–present in Russia) in these countries’ cities: Moscow and Kaluga in the Russian case, and Kiev and Odessa in the Ukrainian. Informants were approached through personal and professional contacts in the classic anthropological method of snowballing. In the Ukrainian case the researcher worked in several universities in both cities and had access to colleagues in a number of universities. Thanks to a wide network of informants, he was also able to interview hospital personnel. In Russia, the researcher had numerous existing professional contacts in higher education through which further access was gained; two general practitioners (GPs) in Moscow and an emergency-room medic provided gateway access in Moscow and in Kaluga hospital personnel provided access to further informants. Given the nature of the research, our materials are gathered from informal interviews and participant observation. With long-standing commitments to the communities we study, we have, to a degree, lived within the lay discourse that condemns generally both corruption and bribery in Russia and Ukraine. We were struck by how this differs from the ethical and other judgements of our
informants about street-bureaucrat transactions that, to an external observer, would nonetheless look unambiguously like bribes.

The question can justifiably be raised: how representative are the cases of ‘differentiated payments’ – surely there is widespread extortion of high sums from ordinary people as well? Confining ourselves to our ‘cases’ – broadly understood as encompassing the sum of interactions between medical and educational personnel over a long period – we argue that the vast majority of informal payments that are illegal are ‘commensurate’ to the value of the transaction and are relatively small. This is part of our argument drawing attention to the ‘situational morality’ (Chibnall and Saunders, 1977: 142) of such transactions – they are not perceived as extortion by either parties. Regardless of questions about the generalizability beyond the specific places and cases of our research, the findings are methodologically ‘saturated’ (Small, 2009): they were arrived at by triangulating many examples of similar or even identical instances from multiple informants. For example, the same moral and practical reasoning by GPs on how much to ‘charge’ for a sick note was observed repeatedly and over time.

The mutuality of the metodist the quid pro quo of the prof.

Corruption in higher education institutions is perceived and understood by ordinary persons, the state and academics as a widespread problem in Russia and Ukraine (Anderson and Grey, 2006: 3; Humphrey and Sneath, 2004; Osipian, 2009, 2012). Scholarship in this area acknowledges the accommodation of ‘corruption’ as a social norm (Levin and Satarov, 2000). A list of all the possible payments that occur in a university context would fill a whole paper, but we can summarize the main ones: one-off and continuing payments for teaching and learning resources; payments for expediting admissions or entry without meeting criteria (state exams); payments for continuing enrolment while a student is actually in employment; ‘logrolling’ – the disguising of non-merit-based admission by faculties admitting each other’s client students on a quid pro quo basis; payments to teachers and other students for the completion of course work. The most extreme, but by no means unusual, example is the purchase of a degree by richer students sometimes without having ever attended a course.

In this section we focus on the classic and universal example of illegal informal payments made to ‘pass an exam’. In the course of our research we identified three main ways of ‘passing an exam’ with the help of a payment (money or commodity). The first, and least personal, is to go to the metodist (an intermediary between students and teachers who plans lectures, has an administrative role, but also teaching duties) and discuss one’s ‘situation’. A student could discuss personal or professional problems or explain that, for other reasons, he or she has been unable to prepare for a particular exam and ask if ‘anything can be done’. The metodist contacts the teacher and gets back to the students with a price (often in US dollars in Ukraine). This should guarantee passing the exam. In Russia it is also common for the intermediary to be a supervisor of the academic responsible for the exam, especially in more prestigious settings – in this case the teacher/lecturer may be bypassed.

A similar process might occur without intermediaries. Students discover a nominal ‘price’ of an exam, discuss personal circumstances with an instructor, and then insert the cash into the studentcheskaya knizhka, the notebook where all the exam marks are recorded. During the exam the teacher will open it, ostensibly to check the student’s previous exams, and take out the money, after which the exam will only be a formality. Both transactions happen in the form of a contract and with mutual obligations, to pay and to provide a service. In these cases payment has to be made before the service is provided. However, as we show below, circumstances involving assessment of personhood can differ. This context normally applies to students who have not been willing or able to prepare an exam. Some teachers may refuse to take such a payment; in such cases it is possible they will be bypassed by a higher authority – an indication of the up-flowing rent-seeking endemic to the system existing in parallel to aspects of personhood pertaining to payments. One informant – Katya (Kiev) – reported:
When I was a student there were two ways of passing an exam. You could study or you could simply pay; ultimately this distinguishes the person who wants to pursue a career in requiring actual knowledge from one who simply wants or needs a degree in itself.

There is, however, a third way. A history professor reported that sometimes students come to him after having failed several exams and ask to pass because they need that exam for their degree. ‘I know that, sooner or later, he will pass and I also know that it is not his fault if he is obliged to get a degree to work afterwards, since in Ukraine it is unthinkable to get a job without university education.’ It is also important to note that this situation often sees students arguing that a particular subject or exam is peripheral to the degree as a whole (or future career) and therefore the teacher should make an exception and pass the student either for minimal or no payment.

In Moscow, a student on a foreign language programme fell pregnant and was unable to put in the required study to pass an exam. On her behalf other students negotiated with the teacher to pass her, on the understanding that she would ‘be grateful’ to the teacher afterwards. They argued that since the student was having a child there was no argument about the student profiting unfairly from the pass – she was not going straight into a job requiring the foreign language and in any case any employer would test competence during interview. The student’s friend, Masha, paid US$100-equivalent on her behalf ex post to the teacher, after ascertaining that cash would be more welcome than commodity items. She was worried that this was too small an amount. The teacher did not solicit any money but there was a clear understanding in the students’ minds that a transaction had taken place. They considered paying US$200 (this was a relatively prestigious Moscow institution), but the pregnant student could not afford this sum. Considering the teacher’s reaction (acceptance of this sum without discussion and a continuing friendly relationship with the cohort of students), the student informants were able to articulate an understanding of ‘fairness’ embedded within or existing alongside ‘systematized’ and rent-seeking behaviour. This is the key point that we wish to make about such low-level payments: in teaching and medicine (discussed below) informal and illegal payments can be interpreted as the applying of a street-level bureaucrat’s means-testing of individuals. The teacher pockets a payment received within a clientelistic relationship, but an element of reciprocity and mutuality is entailed in this relationship: the receiver makes an assessment, sometimes through negotiation, of what the student can afford, and indeed what is a ‘just’ price taking into account need, means and the other dynamics of the situation – such as how studious the student has been. While we highlight the meanings of mutuality entailed in these payment-ties, we do not discount that teachers’ rationales are complex, influenced by greed, need, evaluations of risk and, of course, downward pressure from larger-scale rent-seekers.

These kinds of situation, which might be dealt with through ‘mitigation’ procedures in the UK higher education sector, for example, are quite a common source of informal payments in Russia and Ukraine. In a similar instance in the same faculty, a hard-working student holding down a full-time job marginally failed an exam. As she explained: ‘because the teacher knew I should have passed, the next time, even though I flunked again, she gave me a pass. I bought her some chocolates the next day.’

The teacher’s perspective

In many cases of reasonably hard-working students, a university teacher will pass the student and see this as a personal favour for which she demanded no immediate reciprocation but, once a payment is offered (normally a commodity such as a bottle of brandy), she will take it without compunction. Students mean income to universities so that a teacher repeatedly failing a student might get pressured by the administration if they fear the student might drop out from that university altogether. From the teaching informants (Odessa), one humanities lecturer diplomatically stated ironically: ‘I am very bad at mathematics. At the end of the semester, thus, I assume that everyone has done their job and I pass them’. This informant was working in several universities as a guest lecturer so could not afford being dismissed from one of her jobs simply because she
had decided to fail a student. In addition, she also highlighted that failing a student is something unpleasant because she might be preventing him or her from getting a job, given that even for non-specialized employment people with a degree are preferred. In this case, the students in the group collected money with a cohort representative handing over a lump sum to the teacher. Those who had worked hard were not expected to make more than a token payment, or were even permitted to make a personal gesture: flowers or chocolate. This could be seen as a nuanced form of reciprocity—where the needs, means and just deserts of both sides were acknowledged in the gift payment.

In another Moscow case similar to the student pregnancy, a teacher made a point of slowly building a picture of the backgrounds of the students then applied this knowledge if approached later on for favours relating to exams. A child-psychology student had experienced a family crisis whereby he had become a near full-time carer for his father who had suffered a stroke. Previously the student had been ‘well off’ with the income from the father’s driving school business (incidentally quasi-legally carried out through the sub-let premises of a different vocational college). The teacher explained how he had quietly ‘checked’ the story with other students before eliciting a much lower payment for passing the student in an exam for which the latter was unable to prepare sufficiently. If the means and the circumstances of the student had not changed, the teacher told us, ‘I would have been really harsh. But there were good reasons for this non-achievement’.

The same teacher, in discussing this case, provided an extended narrative of his reasoning, emphasizing the importance of his understanding of the social logic of the situation. As a gatekeeper of what he considered an important and valuable service (a qualification in child-psychology), he took his role seriously. While there were cases of students buying degrees, this took place ‘over his head’. At the ‘street-level’ of higher education bureaucracy that he inhabited he clearly saw his role as both mitigating the failings of the state towards the education sector (providing himself and his faculty with resources denied them), and mitigating the failure of the state to provide its citizens with equal access to education (by making decisions based on need/means that the de facto imposition of marketized education had forced upon him).

While teachers no doubt see students (especially the children of the nouveau riche) as a source of supplementary income, the cases show that teachers make ‘moral’ assessments before and after the event of the transaction, with informal payments taking on characteristics of those in a ‘moral economy’. This is despite an equally widespread general rent-seeking within higher education that has pernicious effects on lower-income students. Indeed these are two sides of the same informal payment coin.

**Half-private hospitals means-testing the patient**

The healthcare context of informal payments in Russia and Ukraine differs more than that in higher education. While there are similarly non-financed broad public guarantees to the population in Russia (Besstremyannaya, 2007: 337), in Ukraine there has been no ‘sticking plaster’ reform (see below). Despite these differences, in both countries, out-of-pocket payments for healthcare are endemic. Payments in hospitals are, according to many reports on Ukraine, one of the greatest social issues in the country (Prikhod’ko, 2010). Medical assistance in Ukraine is free of charge, so technically any payment to a public worker is a bribe. However, as in higher education, these payments take place in the context of very low wages paid to medical workers in both countries. The Russian case is complicated by the more significant changes (sometimes summarized as ‘money without reform’) made there in the last eight years. There the pay of GPs and other primary care physicians especially in cities has risen sharply, but at the expense of more specialist care and rural services. As in Ukraine, budgetary financing has been largely devolved to regions. Whatever the differences between Ukrainian and Russian funding for healthcare overall, the endemic nature of informal payments does not seem to be affected. While we confine ourselves to our non-generalizable ethnographic data, the Russian reform appears to have merely shifted the bulk of informal payments to in-patient care and specialist consultations. Few informal payments were described...
in dealings with GPs in Moscow (except in the case of sick notes and irregular consultations), whereas in Ukraine payments were reported in every link of the healthcare chain. Informal payments are expected by both patients and the hospital personnel across Eastern Europe and the former Soviet Union (FSU; Gaál, 2006; Lewis, 2000; Lonkila, 1997). Quantitative research on payments is well established but, similarly to the higher education cases, does not fully apprehend the complexity of ex-ante/ex-post payments and therefore does not provide a fine-grained analysis (Lewis, 2000: 1). Some qualitative research has attempted to differentiate on the basis of payment timing, but we argue that it remains bound up in a narrow characterization of all payments as ‘insurance’/’gratitude’ (Lewis, 2000: 3; Miller, 2006: 373, 375, 380).

As in the case of higher education workers, it is worth stressing the status of many healthcare professionals in both countries as ‘working poor’. A Ukraine informant reported:

My basic salary is 1000 hr. per month (around 100 Euro), of which 10% goes on taxes. If somebody comes to the hospital and needs assistance I will give it, but also I will expect that he thanks me afterwards. I have studied 10 years to get this position; those patients get specialized help, but we do not get enough to live on from the state.

The same informant explained that she could not find a job in Odessa as she was asked for 3000 dollars by a local doctor to get a post; in the end she was able to get a job ‘for free’ in Ilichovsk (a city 30 minutes from Odessa) where she is working now. When giving birth, women might want to go to a particular hospital and agree with a particular doctor that he or she will supervise them throughout the whole process. Normally in such cases a fee is agreed and the money received will be distributed proportionally amongst all those playing a role, from the nurses to the cleaning lady, with the biggest share going to the doctor, who coordinates the whole thing. If you have no time or money to make an agreement with a doctor, you can still go to the hospital but, in the word of an Odessa informant: ‘I will not be able secure in advance assistance from a good doctor. In the end, I shall come and give birth, hopefully, with the help of a disinterested [in money] doctor’.

In the Moscow case, a GP had gone from accepting commodity payments (in 1999) – the most expensive of which was a telephone with a built-in answering machine – to small cash payments for out-of-hours visits to known patients (up to US$50 – larger sums were refused) in the early years of the 2000s. The refusal of larger sums might appear to be deception of researcher by informant, but in this case the doctor understood the ‘value’ of her service and her responsibility to all her home-visit patients. Accepting a larger amount of money from a patient, she argued, would be a breach of her internal ‘pricing’ of the service. Indeed, the price of this service was semi-transparent – many patients with long-term health issues in the doctor’s home-visit round were known to each other. The doctor stressed that she wished to make sure all her patients got as equitable a level of treatment from her personally as possible. By accepting an inflated sum for treatment, inflationary expectations could have resulted and some, perhaps less needy, patients would have lost out. In recent years she had stopped accepting cash gifts ex-ante for such visits. A long-standing reliable informant, she linked this change to the substantial increase in pay over the period.

When quizzed about certain scenarios, a clear picture of acceptance of payment based on evaluation of personhood emerged. The provision of sick notes in dubious cases to existing patients depended on payment under-the-table in a complicated system of evaluation that even the GP struggled to explain. The patient made a ‘pitch’ – she was too tired by childcare, had to look after a sick relative, etc., and a nominal payment of at most 500 roubles (US$15) was accepted. (In a different case a patient informant told of a GP accepting a payment, but then saying that given the circumstances, a sick note would have been given gratis; the GP made it clear that in the future the patient should not offer money for this service.) As a GP in a polyclinic (urban primary care facility), the doctor very well knew the circumstances of these patients. A gynaecologist colleague in the same place of work was very popular with patients from other catchments and took a similarly small amount of money for a short consultation as
long as the patient was ‘introduced’ by an existing patient. Otherwise, and in cases where she made a judgement that the incoming patient was ‘wasting her time, just wanting to play off another doctor, or is she’s a new rich’, then the envelope with 500rb would be returned until a more substantial payment made – anything up to US$100 (3000rb).

Unlike in the higher education cases where we limited comparison to exam-payment cases, the healthcare range of cases as much as payment is very wide, but as in higher education, even for relatively significant treatments they are not always ‘mandatory’. One Ukrainian informant (Odessa) reported being asked for money for a blood analysis. At first he protested that such medical assistance should be free of charge and then that he had no money that month (which was true). As a result he did not pay. His analyses were processed and he received medical treatment for free – perhaps due to his brazenness. In Moscow, small cash payments were solicited and offered for routine out-patient processes such as X-rays and blood analyses, mainly in underfunded emergency wards – even in cases where patients were personally known to the medical personnel. This is likely to be due to two factors: rent-seeking higher up where all medical procedures are expected to produce ‘revenue’, and because of the poor funding of emergency wards – some of the money is recycled into care.

Few payments were reported in polyclinics in Moscow for ongoing out-patient treatments, in contrast to provincial Kaluga region where they were common. In these Russian cases, as in Ukraine, payment was not always ‘mandatory’; assessment was made by solicitor and payer about need, means, etc. Thus in Moscow we witnessed first-hand a well-dressed young man offer 1000rb to expedite the delivery of an X-ray in an emergency ward, whereas the same duty doctor refused payment from a modestly dressed man in his 60s the following day, accompanying the patient to radiography to ‘make sure’ treatment took place without payment. Unlike the GP cases, emergency-room doctors made decisions based on less reliable, but similarly sophisticated analysis of the needs–means status of patient personhood: dress, speech, age, interpersonal skills (this was perhaps one social context where the meek sometimes had an advantage).

In-patient care involving operations or prolonged treatment requires further differentiation; it often involves sale of assets/substantial borrowings by patients and their relatives to fund very large informal payments. This issue is identified as a serious problem in many post-socialist states, particularly the Commonwealth of Independent States (CIS; Lewis, 2000), because it may lead to delay in treatment or financial ruin. Besstremyannaya hypothesizes that resistance or inability to participate in the payment system leads to higher in-patient numbers among poorer Russians whose only recourse is to poor quality ‘official in-patient care while often more effective “unofficial” outpatient care is administered to the better off’ (2007: 337). Clearly, payment based on assessment of means–needs is complicated if a doctor requires assistance – as in the case of many outpatient treatments; auxiliaries will expect to receive some extra money for the job regardless of the status of the patient. In addition, when equipment is scarce and the demand for services outnumbers the supply, those willing to pay extra money will have easier access to certain services than others. As more and more middle-class people make use exclusively of legitimate private healthcare, decision-making based on imputed personhood – rationing – is increasingly likely in the resource-starved state sector as doctors use differentiated scales of informal payments to push out sufficiently wealthy patients to private practice, whether their own or another’s, from whom they no doubt would receive a ‘kick-back’. Of course, as in higher education, rent-seeking ‘trickles up’ to gatekeepers above the street-level bureaucracy.

**Conclusions**

In Organisation for Economic Co-operation and Development (OECD) countries, fiscal fraud is seen as a result of lack of oversight and of citizens failing to see the advantage in paying correctly (Bovi, 2003). A key issue for both street-level bureaucrats and citizens in Russia and Ukraine is a sense of betrayal by the state. If certain kinds of states, driven by utopian plans and an authoritarian disregard for the values, desires and objections of their ‘subjects’, are indeed a mortal threat to human well-being
(Scott, 1998: 7), Russia and Ukraine are no exception. Despite claims to sovereignty, many states have failed to improve human conditions, as Scott showed for a number of ambitious schemes in modernity (1998). We also observe an enormous gap between what the state claims to undertake for social benefit, and reality (Migdal, 2001). In our cases the state fails to act as welfare (re)distributor, leaving many – or most – citizens without free or affordable access to healthcare or higher education in a de facto privatization of public sectors (Polese, 2006a, 2006b). Without getting into the debate on ‘failed’ states one could say that the state is an ‘absentee landlord’ in many spaces, sectors or institutions. Citizens perceive rent-seeking behaviour from state and elites alike, but no one is prepared to fix the leaking roof. Many ordinary, professional and self-respecting healthcare and educational professionals are stuck in the middle – unable to afford the cost of living, unable to effectively treat/educate their charges without informal payments. It is worth mentioning that we encountered very few accounts even in rich Moscow and Kiev of street-level bureaucrats engaging in extortion or ‘unacceptable’ levels (to their colleagues or patients/students) of payment demand. Of course there were teachers/doctors with a reputation for over-actively soliciting and informal payments ‘trickle up’, compounding rent-seeking in higher echelons of the state bureaucracy. However, it is telling that very few cases involving payments of this sort end up in the courts. These are confined to blanket and blatant extortion on the part of bureaucrats; the ‘economic crimes’ of the criminal justice system are invoked only when the ‘rules’ of the functioning informal payment system are perceived to have been broken – in precisely the circumstances where ‘situational morality’ and differentiated treatment (based on need–means) are not adhered to. A cursory review of such court cases reveals huge sums extorted for relatively minor ‘services’ – circumstances completely different from the cases we present. This moral dissociation of low-level bribery from ‘venal’ rent-seeking has been observed elsewhere in the post-socialist world (Sneath, 2006).

Informal payments to street-level bureaucrats are often bound to a moral economy – the ‘fair’ price for services rendered within dysfunctional state sectors. Where state mechanisms able to redistribute the essential services are absent, de facto, street-level bureaucrats (doctors, teachers) take these decisions themselves based at least partly on a ‘moral’ lay reasoning about needs and means – even when they themselves are informally collecting rents for their superiors in turn. This is only possible in a personalized encounter: informal payments are ‘embedded’ socially.

Bureaucrat–citizen encounters of the kind we have examined, in lecture halls and doctors’ consulting rooms, are social encounters as much as economistic ones – rational self-interest is tempered by acknowledgement of the other’s personhood. Given the acute problems of post-socialist transformation, where lack of access to welfare is a given for a large proportion of the population, and to be ‘working poor’ is a status likely to be shared by both the state-representative and citizen, is it any wonder that mutuality – a sense of shared obligations and an acute sense of the incommensurability of needs and means, come to the fore in such encounters?

Acknowledging the importance of personhood to the system of informal payments is a shift of the debate away from qualitatively undifferentiated ‘corruption’ in post-socialist states. Social and economic transformation does not necessarily mean convergence with a western ‘model’. Just as neoliberal reform in the free-market heartlands is being challenged from below, informal payments in post-socialist states do not indicate an unambiguous marketization of social relations, but if anything bear witness to the increasing urgency of resource allocation based on other, more fundamental and enduring imperatives.

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Notes
1. See Corruption, Democracy, and Investment in Ukraine by the Atlantic Council of the United States

3. This is a ranking of countries in numerical order from ‘cleanest’ to ‘dirtiest’: http://cpi.transparency.org/cpi2011/results/.

4. An implicit social contract existed in the USSR whereby citizens abdicated any political role in return for certain social guarantees, understood at all levels of Soviet polity – for example, to increasing standards of living, paternalistic redistribution of wealth and minimal but non-negotiable social protections. While these three social aims were understood by citizens to underpin Soviet policy, however poorly executed, the communist project retained substantive legitimacy in the eyes of most citizens. See Breslauer on ‘welfare-state authoritarianism’ (1978), and Verdery on Socialist-era legitimacy (1996: 24–25).

5. Who in the UK can forget the faux pas of the editor of the then most popular Sunday tabloid newspaper as she admitted in 2011, seemingly unaware of the significance of her words, to regularly making illegal payments to police for information.

6. The study by Chibnall and Saunders focuses on ‘street-level government’ where informants do not see public service as incompatible with private gain.

7. There may or may not be complicity on the lecturer’s part here. In these cases we acknowledge that our argument for differentiated treatment by the practitioner providing the service would break down. It is easier for a second-level bureaucrat such as a university administrator or dean to ignore the personhood of the student in these cases, although we would argue that as such systems of payment develop, inevitably some differentiation would occur.

8. The vertical pole of informal payments higher up into the bureaucratic structure is beyond the scope of this paper – the ethnographic materials collected only allow us to analyse the ‘street level’ of bureaucracy. However, it is clear that lower-level payments, however much they are based on ‘moral’ values and reciprocity, contribute to a trickle up of resources to large-scale rent-seekers.

9. Out-of-hours services had been understood by the doctor as part of her core duties previously and in the earlier post-Soviet period she had only accepted small gifts of gratitude for visits.

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