Informality Crusades: Why Informal Practices are Stigmatized, Fought and Allowed in Different Contexts according to an Apparently Ununderstandable Logic

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Abstract:

Introduction: the genesis of informality

Informal practices, be this informal payments, bribes, nepotism, favours, blat and other forms of exchanges that are extremely frequent in most of the world are widely considered an indicator of bad governance. They are also often seen as an evil to eradicate at all costs to secure growth, “development” (whatever this might mean) and effective governance. There is abundance of literature, as well as policy analyses, studies and reports feeding a narrative blaming failure to deal with corruption or incapacity to comply with the rule of law. This literature sees practices of nepotism, favouritism and corruption, inter alia, as the main reason behind incapacity, or unwillingness, of “transitional countries” to comply with “international standards” or to “complete a democratic transition”, a thing that only eradication of informal practices may guarantee. This tendency is visible not only in post-socialist or post-Soviet spaces, most of which are seen as low performing in a number of standards and incapable to carry out the necessary reforms, but in most of the Global South. There is no lack of informality in the Western world but there seems to be a double standard when referring to informality, the way informality makes itself viewed and how to deal with informal practices. Informality may be seen as negative, neutral or even positive depending on where informal practices are noticed. In some areas informality is tacitly acceptable, and accepted whereas in some other aspects of a society this is stigmatised. This is possibly based on the assumption that regulation, and formalisation, in the Western world has happened to a sufficient extent confine it to practices that are non harmful to the state or not sufficiently relevant to be tackled (Dixit 2007; Helmke and Levitski 2004). As such, informality on the job market, in neighbour
relations or in some spheres where trust and personal connections are crucial, are treated as either exceptions or, borrowing from maths, a discrete case that has nothing to see and does not affect the standard functioning of a system. Informality is seen, in many respects, as the cartilage that keeps solid bones together and allow them to function together. Only when informality invades areas that are perceived as being state competencies, or when its presence and influence cannot be denied, then it is treated as an evil to eradicate.

When an informal practice is well known and deeply rooted in certain aspects of a Western society this is seen as one aspect, or an exception, to a generally functioning system. In contrast, the official narrative in the post-Soviet region, as well as in the Global South, is that informality is present almost everywhere and it is harmful to the system, or an hinder to reforms. Words are coined and normative statements used (and abused) to describe most aspects of a system that is perceived as rotten and to be radically changed. Corruption is treated as endemic and embedded in cultural settings (Miller et al. 2001), non compliance with what are sometimes perceived as “international standards” (Werner 2002) or rules is glared at with a shocked face, disregarding the fact that often the standards and models taken in the West and that are to be replicated in developing world do not work properly at home (Carothers 2002).

This double standard is also visible in literature on informality, demonised and praised often on the basis of which part of the world one finds it. Two different strands of literature are dealing, albeit from different angles, allegedly with the same phenomenon. Diverse economies and informal economies are often used to describe phenomena that are substantially similar, or alike, but are approached with a different attitude or framed in different disciplines. This article engages with current debates on informality to suggest that the main difference between a well functioning system and one that has not yet found a modus operandi, or is considered ineffective, is not how much informality one has more than the other. It is where informality, which might be at the same level, can be located in each of the two. In the end, current literature on informality and diverse economies seems to suggest that informality, in areas that are under or overregulated, is more likely to affect policy making and institution-related decisions whereas informality in areas that have a light, but smoothly functioning, administration is more likely to be interactional, that is related to interaction between individuals at the micro level but not necessarily affecting policy-making. To do this, I will discuss the role informality plays, or may play, on three related sub-variables. One is the quality of regulation and the capacity of formal rules to limit informality to a number of spheres that do not affect the country substantially; the second is the compliance with the rules and the desire to comply with them while the third refers to the spheres of
influence of informality: how visible they are and to what extent informality influences the functioning of a system. Starting from these three points I am suggesting that the relationship between informality, or some cases of informality, in the non-Western world and some concepts - that are introduced or implanted from outside - such as democracy and rule of law needs to be reframed and reconsidered.

Reflections and evidence are constructed thanks to a long commitment with the post-Soviet region, where I have spent almost a decade and that I regularly visit and work with. They are complemented by what I have been observing during over five years of development work in South East Asia. I have found a wide range of informal practices in most places but, my understanding is that they may differ in form rather than in its very meaning and content. They are indeed an expression of redistribution mechanisms that exist ‘beyond’ or ‘in spite of’ the state (Polese and Morris 2015) and their presence is a constant of human interaction. The difference is not whether informality is present but where it is present and where we can see its expressions. Footing on some previous works (Williamson 2009; Institute of Development Studies 2010) the “cubic watermelon hypothesis” introduced here suggests that informality grows everywhere but if we want to control its growth and influence we need not suppress but manage or direct it. An effective state is not a one where informality is liquidated but where it is channeled to spheres of social life that complement institutional intervention and rule. Formal and informal practices are indeed complementary but the ratio formality/informality depends on the capacity of a state to secure compliance and channel self-organisation by a number of instruments (loose control, creation of spaces for self-organisation). Ultimately, informality may as well be used as a governance tool to prompt the citizens to take the initiative in some aspects of governance and societal life, which is something already happening through time banks or certain aspects of civil society. This is the case when a state does not, willingly or unwillingly, fully regulate an aspect leaving room for citizens initiative.

**The road to informality: finding a working definition**

Informality has referred since its identification to several different, although related, phenomena. Keith Hart was possibly the first scholar to identify, and study, a number of informal economic practices (1973). However, ILO’s increased interest in informal labour also dates back to that time (1972) so to start an interdisciplinary debates concentrating on the same issue but from different viewpoints. Anthropology was, at least in the beginning the discipline that engaged the most with the understanding of the hidden mechanisms and nature of informal economic practices. This eventually led to reconsider a number of
paradigms and discuss them from a different angle. Scott was one of the major frontrunners, initiating both the debate on moral economy (1979) and then looking at how informal economic practices had a major impact on power relationship (1984) that has been then continued in major economic anthropology works (Hann and Harth 2009; Hann 2010). However, it is in the same period that other social facts started being challenged and scholars discovered the dynamic nature of objects (Thomas 1991) and even money (Parry and Bloch 1989) that change according to the situation and context. Informal economies became an object of interest also for policy makers and political scientists. Corruption had already been a focal point since at least the sixties and the debates on effective governance of post-colonial states (Leff 1964; Palmier 1983; Rose-Ackman 1978). However, the nineties, with the opening up of post-socialist spaces, saw a revitalisation of the debates on development, governance and corruption that has continued up to this day (Harboe 2014, 2015; Humphrey 2002; Millington et al.2005; Jancsics 2015; Temple and Petrov 2004; Smith and Stenning 2006; Urinbojev and Svensson 2013, 2014, 2014b; Wamsiedel 2013). The use of successful cases and best practices to be applied to younger or less effective states encouraged a wide use of a transitional paradigm using Western experiences to align the non-West with the industrialised world in terms of practices, mechanisms and institutions.

In many respects, this may be seen as the first logical thing to do. To become a painter you first copy paintings of great masters, to excel in music you have to listen to what has been conceived before you. By the same logic, capacity building may be seen as the art of taking advantage of existing mechanisms and practices existing elsewhere. It is the use of good practices discovered elsewhere to improve a given situation. However, its blind application can lead to disastrous results. Indeed, most of the critics of this approach have highlighted the questionable approach of implementing policies, or installing pre-fabricated structures and institutions that are allegedly working properly in the West into new countries, import know-how and practices to ensure that the new country will, in the end, work in the same way the model country was. Only after Stieglitz (2002) have economists started questioning “out of the box” macro approach used indistinctly for a number of very diverse realities and modeled on the Western neoliberal one, a critique that has now received a relatively wide amount of consensus. These voices have been echoed by social scientists showing that diverging ethos (Gill 1998), social acceptability (Van Schendel and Abrahams 2005) or simply limited or different intellectual skills (Morrison 2008) prevent policies and reform to be accepted, understood or implemented in to as a whole package. Finally, also political scientists have started to notice more widely the limits of this approach. Thomas Carothers (2002), among others, has suggested that the West is trying to promote in what is called “the developing
world” institutions, procedures and practices that do not exist, or do not function properly, in the West itself. Some have come to argue that Europe and the US were using Russia as their shooting gallery, making policy experiments to test some policy instruments without having to face a Western electorate in the case of failure.

This critical view has also informed a new terminology in development studies and the term developing countries is now sometimes skeptically looked at since it might imply that the developing ones are moving in the direction of the developed ones. The very word transition seems to imply that a country or a sector is inevitably moving from point A (pre-transition) to point B, where point B means being like a certain model (or country). In other words, it sounds that it is all clear and pre-determined that we know, from the very beginning, where a country should head and we exclude all possible variations and different paths of development that are not the one we can imagine. This also challenges the expression “international standards”, being unclear what standards one should refer to. Germany is not France or Japan but the three are often taken as models for development. They have little in common but the fact to be considered success stories and with a relatively high degree of satisfaction of their citizens.

Anti-transitional positions have come to be reinforced by a school that has emerged from human geography and a major critic by feminist geographers that capitalism is not the only way (Gibson-Graham 1996, 2008) informing the creation of the understanding of diverse economies and, subsequent, the rediscovery of anarchism in geography (White and Williams 2014). This is a tendency that may be seen as stretching the literature on informal welfare and practices (Polese et al 2014, 2015) to reject the state as the only provider of services and welfare so to rediscover the role of human agency (Polese and Morris 2015) and mechanisms and practices that are not informed by the state or its institutions.

Recent tendencies on informality have gone beyond both a mere economic view and, footing on early Granovetter’s works (1984) rediscovered its interconnection with social phenomena (Gudman 2001; Yelcin-Hackman 2014) to propose a more holistic interpretation of the meaning of informality and its influence in various spheres of life (Helmke and Levitsky 2004, Isaacs 2011, 2013, Ledeneva 1998, 2013; Misztal 2001, Morris 2011). They have also grown partially away from the original understanding of a mostly monetary logic (Williams 2005) and they permeate both societies in the Global South and North. In addition, whilst class and social status may influence the way informal practices are conceived and perpetuated, the studies have in common that they exist among all segments of a society as well as winners and losers of transitions (Morris 2012, Morris and Polese 2014b). Incidentally, the largest
empirical contribution to informality has been coming from the post-socialist world (see Giordano and Hayoz 2014; Henig and Makovicky 2014; Polese 2014; Polese and Morris 2014, 2015) but this may be seen as a suggestion to increase the number of works in the rest of the world since, it has been argued, informality is here to stay (Morris and Polese 2014b:1).

Informality, thus, cannot be considered as something merely economic or monetary but affecting potentially all aspects of a society. It is something the state, or its institutions, do not necessarily have a grip on always and everywhere. On the other hand, since the state has no control on a number of processes, some narrowing is needed since informality does not encompass “criminal activities”. Here the question becomes more complex since the boundary between what is criminal and what is not may be very subjective so two reflections are called upon. The first is the matrix legal/illegal licit/illicit by Van Schendel and Abrahams (2005) where licit can be considered as socially acceptable and is a sub-portion of illegal. There are things that are illegal by local criminal codes but people do not perceive them as “bad” (Fogarty 2005; Rasagayam 2011), they are socially acceptable and, thus licit. There are even things that are perfectly legal but a population, or part of it, do not accept them, at least in the short term, as licit.

Table 1: the relationship between legality and licitness (adapted from Van Schendel and Abrahams 2005)

<table>
<thead>
<tr>
<th>Legal</th>
<th>Illegal</th>
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<tbody>
<tr>
<td>Licit</td>
<td>State and society norms overlap</td>
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<tr>
<td></td>
<td>The state does not punish actions that are stigmatised socially (by one or more communities)</td>
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There is a second notion that I have based on direct and indirect harmfulness (Polese 2009). Murder harms a society, since it deprives it of labour force, but also harms directly a fellow human being. Trafficking, kidnapping and theft, follow the same logic but fiscal noncompliance harms the society mostly. Harm to fellow human being (or citizens) springs from the fact that a lower fiscal income either puts more pressure on honest tax payers or lowers the amount available for the population of a state. Non transparent hiring practices rarely harm a single person directly (unless this person was given a job and then a last minute change took it from him) but the society indirectly by putting non competent people in
key places.

Table 2: Direct (affecting fellow citizens), indirect (affecting a society) harmfulness and legality

<table>
<thead>
<tr>
<th></th>
<th>Direct harm (mostly illicit)</th>
<th>Indirect harm (might be licit)</th>
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<tbody>
<tr>
<td>Illegal</td>
<td>Murder, trafficking, heavy drug dealing, ethnic fiscal fraud, nepotism, ethnic or religious discrimination in some cases</td>
<td></td>
</tr>
<tr>
<td>Legal</td>
<td>Use a legal action against unaware people to extortion money or property; clauses written in a religious group over others (are licit for the favoured ones)</td>
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From these two positions we can draw a definition of the kind of informality that is the main object of this paper. Informality refers to the area of activities that are not regulated by the state (Routh 2011) but are either socially acceptable or do not harm directly a fellow human being. This definition excludes, to a certain extent, activities by organised criminal organisations and activities punished by both criminal codes and people’s moral standards in most of the world. Starting from this definition the rest of the paper deals with the three spheres of influence of informality.

(Over) Regulation and informality

The study of informality, at least as it is intended in this paper, is meant to engage with the attitude of two main actors: the first is called an overarching entity (this is generally a state but, in organisational studies, can be a company); the second is a community of people whose life, or some aspects of it, is regulated by this entity. The formal overarching entity is the one delivering instructions and creating the formal role that regulates a system. Since informality is the way not to pass through that entity, and the formal rules that it has established to regulate a system, absence of a formal overarching entity means that everything is regulated informally. In such case, it makes little sense speaking of informality since, de facto, everything is informal.

Lack of formal rules does not mean that there are no rules. In a primordial, or pre-state, society there are rather clear rules and norms that regulate the behaviour or a population in a given territory. Rules are not necessarily accepted by everyone but, in a small society, social control may be sufficient to ensure compliance, coercion and punishment of deviant actors. When the community enlarges some members
might not agree with all the rules and act by sub-mechanisms and rules that are either tolerated or repressed by the community. The conflict, if we can so define it, becomes more evident when formal institutions step in. An overarching entity is then established, institutions are created and mechanisms initiated to regulate the society and this goes in parallel with the de-personification of a community. Informal mechanisms and unwritten rules may work only as long as the community to which they are applied is “personal”, that is there is control over the citizens and respect of the decision-making structures (the elders' council, the head of the community) but in both cases there is a need to mediate individual and collective desires. Individuals are prone to think short term and for their personal gain. The role of community chiefs, or formal rules, is to ensure that individual desires and needs are mediated to come up with rules that benefit the whole community (or society), which is relatively straightforward in a small community since the feedback mechanism is fast and direct, relationships are personal and communication between decision makers and decision takers happens with little distortion (Ledeneva 2006, 2013; North 1990).

In a larger system decision makers are selected (in a way or another) and they (claim to) represent the society but, even in the best case, the feedback mechanisms are slow and not always direct. In addition, electoral and decision making mechanisms allow the adoption of rules by a majority that is not necessarily large. If the first party in a country gathers 30 or 40% of the votes, that is does not represent even half of the country and a new law adopted by 51% of the parliament is potentially leaving out 49% of a country, which may mean several tens of million. Finally, the effects of the adopted policy will not necessarily benefit the majority of a population (think, among others, of a case where a policy was informed by wrong assessments or assumptions) and a minority of several millions that is left out still represents a significant amount. If we consider that these people might belong to a same geographical area or segment of the population one can imagine that the gap between the state and the people may be quite significant for several reasons.

One is that there is a gap between what the people expect to get and what they get in reality. This is endemic to all societies since individual desires, needs and expectations are different from what the state provides. Good for one person and good for a society do not necessarily overlap and there is a limit to what can be considered acceptable (Davies and Polese 2015). The other side of the coin is that there may also be a gap between what the state promises and delivers, a thing that can be linked to the gap between what the state symbolically represents and provides and what gives in reality. It has been shown that informality grows and establishes itself in areas where the state cannot or does not want to rule (Polese et
Another variable is the quality of regulation and the capacity of formal rules to limit informality to a number of spheres that do not affect the country significantly. Informality is and will be present in all systems and societies. The difference is which informal rules are channeled into formal ones and which ones do not affect efficiency and effectiveness of state management.

One could speculate that a system with no or little formal regulation experiences a high level of informality, a thing that might decrease once formal rules are established and regulate most aspects of the society. However, there are at least two exceptions. One is that over-regulation might bring informality back in, as ultra-liberals suggest, in line with the principle that too much of something equals to nothing. The other is that regulation of the “wrong” aspects, that is people do not feel they should be regulated, also brings people to rely again on informal mechanisms. How many efforts can be devoted to a given aspect depends on state capacity and resources so that too much attention to an aspect will move resources away from other aspects. If the most attended areas of policy-making are not the ones prioritised by the citizens they might organise themselves and informally regulate them.

**Informality and morality/compliance**

A series of recent works on informality has engaged with the discussion on the gap between individual and state morality and what happens if they do not overlap (STSS 2014; Wanner 2005) Previous works have dealt with variations in the level tax morality (Williams and Martinez 2014) or the role of major institutional reforms (Aliyev 2014, 2015; Özcan, 2010) or the relationship between economic and ethnoreligious ties (Mollica 2014). How likely is that, in a system, individual and state morality overlap? In a constructivist perspective, this is possible only after several efforts that “educate” the citizens.

Moral norms come not only from state codes but there are religious and social aspects of morality that limit certain actions. Awareness that a particular action will affect directly fellow citizens might be a deterrent but, as with policies and needs, what is good for an individual is not always good for the state and vice versa, at least not in a short term perspective. Short term thinking, or simply lack of confidence in a state, implies that taxes are payments going out but it’s not clear when the advantage will be received. Wealthier citizens might see their tax payments as a cost; people who lack trust in the state (regardless of whether they have a ground for it) see also taxes as a net cost. People who expect a return for their
payment are more likely to pay for a service even if they see a way not to pay, whereas people used to see payments for a service only as an additional cost will be more reluctant to comply with a given rule (see the bus ticket dilemma in Polese 2007). Empirically, Bovi (2004) has found that compliance comes from a mix of positive (advantages) and negative (punishment) incentives for citizens. There are cases where community hinders state authorities (police, some institutions) from carrying out their duties since they see the state as a taker and their fellows -who are formally criminals for the state- as their benefactors. Recent works moving away from state-led view on individual morality insist on the tension between individual, collective and state moralities (see, among others, Van Schendel and Abrahams 2005, Wanner 2005 and Werner 2002) referring to different values or even systems. In this respect, citizens’ compliance with formal rules, norms and moral values of the state they belong to depends on whether they see a way they can benefit from it. Already Scott (1976) has highlighted the different codes weak and strong individuals might use and how rebellion can be explained through perceived unfairness. Bourdieu (1976), on the other hand, has suggested that state morality is accepted only as long as individuals see some convenience in doing with it.

Informal rules, that is coming from organisational necessities of a group of individuals, a community or a larger unit, evolve out of pragmatic necessities that arise at different moments and need to respond to practical issues in a way that satisfy the majority of the community. In a small community, where virtually everyone can talk to everyone, this is regulated almost organically. The problem arises when there are several communities inhabiting a same territory and live according to different rules that turn out to be in conflict with one another. A solution might be to establish an overarching entity that suggests, or imposes, ground rules allowing everyone to be on the same level. However, a common mistake is that the rules imposed by the larger entity are de-contextualised, that is address common issues but fail to deal to an acceptable extent with everyday problems of one or more communities. De Soto (2002) has made a very specific case of why capitalism is not working, nor will it in countries that have not contributed to construct the rules on which capitalism is nowadays based.

This leads to what can be called the cubic watermelon assumption. Informal organisational rules, just like a watermelon in a field, will be conceived and implemented in any case, be there a state or an overarching entity or not. However, if we want a cubic watermelon, we need to use a structure that will help the watermelon grow into that shape. If the structure is too strict, the watermelon won’t grow. If it’s too loose, it might not take the cubic shape. Similarly, the success of an administration, claiming
management of a given territory or aspect of life, depends on the capacity to direct and harmonise informal rules with formal ones. Or, better, to construct formal rules that are based on (what they perceive as their) real necessities, reckon with local rules and possible conflicts arising, and channel informal rules into formal ones putting everyone on the same level.

In the case of countries that inherit some formal rules from outside, especially for areas of governance that are not developed yet (and therefore rules are borrowed from other systems and model to fill in a governance void that is urgent to be addressed) the main problem is the incapacity to understand that introduction of a rule will be more difficult if it’s in conflict with local ethos or customs, as Gill (1998) has noted for India. Capacity to ensure compliance in a given situation depends on the capacity to prize, punish but, also equally important, to propose solutions people can live with in the short term. Radical change is still possible in the medium term but people need to be educated and directed, not forced.

Informality and democracy

A question that I often get when proposing informality as a mode of governance touches on the relationship between informality and “democratic transition” and I need to answer now because it is an integral part of my argument. Informality is not about a transitional process leading somewhere else, informality is already somewhere else. In premise, there is no guarantee that democracy may be seen as the arrival point or the only viable premise for good governance. Second, informality is allegedly more democratic than it’s generally perceived and we can see this by analysing the genesis and development of an informal practice.

In a first moment a number of people start up an informal practice. If that’s a practice that is not harming directly fellow citizens there will be little social resistance to stop it at the informal level. The practice may even remain unperceived if the people engaging with the practice remain few and thus this may be seen as non-relevant to the institutions. The other option is that a growing number of people find the practice useful and engages with it up to the point that this tendency becomes relevant for the society and state institutions.

Once state institutions are aware of the practice they have two options: formalise or repress it. If they formalise it, the informal practice has contributed to inform policy making and it’s an expression of what the people feel it is necessary, which is in line with democratic principles. If they try to repress it there
are three possible outcomes. First, they can succeed and phase out the practice but this will be the result of successful negative impulses and the capacity to convince people that it's better to abandon the practice. In this case, the process will most likely prompt a “dialogue” between institutions and people, with a process of negotiation and acceptance by the people that is proper to democratic processes. Naylor (1998) writes that no black market has ever stopped from the supply phase, that is people will find a way as long as there's a desire to continue, which points at the fact that repression alone is not an efficient approach. If a practice is stopped it is because people themselves stop believing in it. The other options is that people will not be convinced to abandon the practice and will perpetuate it, either informally or formally, contributing to contentious politics that is also a way to start a dialogue between the citizens and the institutions. In this respect there might be the possibility to find a correlation between informal practices, or an informal practices, and a social movement, that can be seen as a successful way to formalise a claim that a practice should stay (Kevlihan 2013; Polese and Kevlihan 2015).

Finally, democracy has often been used in an extremely subjective way. If we like the way a country is managed, or the fact that this is an allied country, we can praise the progresses it has made towards “democracy”, whereas a country that we perceive as openly hostile will most likely be classified as undemocratic. Democracy of countries that are “doing us a favour” will be discussed in silence and with little international resonance. The fact that democracy has been recognised almost universally as a value or an achievement has brought a number of countries to use it in the political discourse, positively or negatively, in whatever way they understood it. However, because the concept of democracy was coined in the West, there is a tendency to measure it using indicators identified in the West but claimed to be universal. Italian and American pizza are two different things but is anyone telling the Americans that they are eating the “wrong” pizza? Both Portugal and Brazil speak Portuguese but, by force of numbers, Brazil produces more written work and music than the country where Portuguese originated. The language is named after the original country but the highest number of neologisms come from Brazil, not Portugal.

Where is, or will be, informality (where will we find informality)

An assumption here is that informality is part of the human condition as much as sociality and other features that seem to be quasi universal. As much as there are efforts to formalise, regulate, channel, control and, in other words, to limit the power of human agency (Polese and Morris 2015) there is a
reaction reasserting the power of informality. Even in the most transparent and meritocratic organisations there are little chances of career advancement if your line managers despise you; reputation in an office is directly linked to the person’s reputation and, in turn, to the capacity to be respected and praised for one’s work. Success in limiting the power of informality may not be measured by how much informality is present in a system but where informality is and how it is manifested. Anyone in the position of choosing their subordinates will chose people they like and they think they can find a common language, they will try to put through “their” people but there’s a difference. One thing is to choose, among qualified candidates, someone with lower qualifications because they seem to have a more positive attitude or because the manager sees an advantage. A different thing is to completely hinder the job market not allowing anyone else but your kin into prestige positions, a thing that in the long term might sink the organisation.

The cubic watermelon principle may be applied here also. Informality is part of every society and the role of a public administration, laws and instructions is to ensure that it does not harm it. This kind of intervention may channel informality into spheres of life that either do not affect state effectiveness or that can benefit from a certain degree of informality, whilst limiting the power and influence of human agency and subjective choices that can harm it in the long term.

Nevertheless, informality has played a scapegoat role in many cases so far, being the phenomenon to blame if things do not work properly in transition economies. Recent empirical studies have shown that informality may be limited by market competition, when companies understand that nepotism practices are harmful to the company in the long term (Chavdarova 2015), that forced monopolies resist formally, but are challenged informally by a myriad of actors unable to formally enter the sector but the facto having a role in it (Ciesielewska 2014; Giordano 2014; Karajanen 2011, 2014) as several studies on border crossing have shown (Mueller and Migglebrink 2011; 2014; Polese 2006, 2012; Sasunkevich 2014). Even in the public sector case, as in others, it has been shown that informality may be seen as the reason why a system is not collapsing. Informal payments to doctors or teachers mean a de facto privatisation that might be seen as limiting brain drain and total bloc of public services (Polese 2006; see also Osipian 2014; Stan 2012; Stepurko et al 2013, 2014; Wamsiedel 2013; Jingqing 2015) or create a new system even more embedded in social relationships than the previous one (Kovacs 2014; 2015). Informal non-compliance with certain policies may also be seen as the reason why they are not officially and formally rejected by the population but they get caught in a kind of “you do not say it loud, I do not check it on you” logic (Rodgers 2007, 2007b) re-emphasising the role of agency in structures between the state and the citizens.
Functionalists suggest that informality may be higher in systems with higher amounts of red tape but this might hold true only to a certain extent. I would suggest that certain types of informality depend on the bureaucratic situation but informality, in itself, is present everywhere, although in different forms and modalities in a range of situation that may go from informal economic practices up to insurgency (Polese and Kevlihan 2015).

Organically speaking, informality is the (survival) instinct of a society, it is the intuition of a musician, the creativity of the educated artist. We can get rationally (regulate) to a certain point. Imagine someone who says: until this point I get thanks to my knowledge or skills but, after that, I have no idea how I managed to do that. That “last leap” is informality and there’s a great deal to be gained in understanding it, as Ledeneva (1998, 2006, 2013) has been advocating for more than a decade.

Informal practices are present in the East as in the West, North and South, and one needs not to go far. Think of the cash-only diamond market in Antwerp, of trust relations regulating who works with whom in a stock exchange or hiring practices in companies and universities. There are certainly overarching rules limiting the role of agency and abuse of power but there is also a margin of subjectivity that is used, and sometimes stretched to the edge of the legality. Formalisation and overregulation have also made easier to accept whatever is legal, regardless of whether it may be seen as licit or not. Ambiguous financial or hiring practices, mobbing and other practices do not represent a problem until it becomes possible to demonstrate, before a court, that this was not illegal. A thing that could be possible to avoid, at a certain risk of high subjectivity, simply by having larger and stronger social control. The success of a state or a management board is not to limit informality, but to limit to certain spheres that have a limited or no formal relationship with decision-making, effectiveness and functioning of a certain system. Informality in itself is of no harm, but informality in some cases and situations may be.

**Conclusion**

In most of the countries that long for international recognition, reputation, or simply development assistance, there seems to be a popular assumption that the right reforms – that is these having reportedly worked elsewhere, or are informed by solid theoretical assumptions – will lead to the same positive results. Such approach seems to negled the micro and macro role of agency in policy making. Even
assuming that “the perfect strategy” is adopted, this still needs to be approved politically (that is political elites need to see an advantage in its implementation), passed down to the institutions in charge of operationalise it and then all the way down to the implementing agencies. This is not always taken into consideration by scholars or analysts, this leading to downplaying, or even ignoring, the role of disruptive factors in policy implementation.

Indeed, too often in development and policy making incapacity to meet the standards asked for by international actors is blamed on the political elites, corruption, or incapacity of the local administration rather than on the potential conflict between these standards and local habits and customs. In addition, there seems to be a common understanding that good governance comes with objectivity, impartiality, and transparency, thus automatically placing informality on the “wrong” side. Liquidation of informality is, by force of this, seen as a *sine qua non* condition to achieve better governance in a given country.

Whilst possibly worth attention, at least in a number of cases, this hypothesis brings about a risk that is common to most anti-informality crusades: the failure to stratify informality. Stratify refers here to the capacity, or the desire, to distinguish “good” (or harmless or even useful) from “bad” (harmful) informality. This distinction, in turn, helps to form a clear idea of what habits and patterns is worth fighting and which ones to ignore, thus allowing optimisation of efforts and resources in a development strategy.

Informed by the above ideas, this article has been an attempt to discuss the relationship between informality and a number of elements that are present in most current states: interaction with formal rules, citizens’ willingness to comply with these formal rules and where informality makes its presence visible and actually influences policy-making. Starting from these, I have briefly explained why, at least in some cases, the relationship of informality with some current milestones of the modern non-Weberian state need to be revisited and possibly reconceptualised. My goal, however, has not been to crucify current anti-corruption campaigns and institutions, better governance efforts and cry out that they are useless altogether. I have been motivated by a goal of better understanding what informality may mean for a society despite the stigma it bears most of the time. Informal practices exist, and will continue existing, as integrative part of a society, and in turn of a state, so that there is no reason to try to eradicate them. There is, however, a great deal of advantages to be gained by understanding informality and channelling its expressions into spaces that are underregulated or that would benefit from citizens’ initiatives. I would suggest that informality, in some cases, is one of the first steps to the creation of an
active civil society, a hypothesis that will preoccupy one of my next articles soon.

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