Who Gets What, When and How? Housing and Informal Institutions in the Soviet Union and Post-Soviet Kazakhstan

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Abstract

Informal reciprocal exchanges continue to shape people's interactions in post-Soviet Kazakhstan. State retrenchment from the social sphere and growing inequality has markedly limited citizens', access to scarce resources including housing. This has stimulated people's involvement in informal exchanges. The article analyzes housing pol- icy during the Soviet and post-Soviet periods taking a closer look at the process of housing allocation. It claims that despite formalization of housing distribution, citizens continue using informal networks to gain access to that scarce commodity in the post-Soviet period. The article draws on data collected from interviews, textual analysis, and original surveys conducted in Kazakhstan in 2011 and 2013.

Keywords

housing – informal exchanges – networks – post-Soviet Kazakhstan – Soviet Union

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A good flat is one of the scarcest commodities and to get it quickly you must be well connected.

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Informal networks continue to play an important role in the lives of citizens in Kazakhstan. People use informal connections to gain access to valuable goods and services, including housing, which has remained a scarce

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commodity despite liberalization of the economy. In the Soviet era, access to housing frequently depended on informal connections with the Communist Party of the Soviet Union (CPSU) and state *nomenklatura*, social status, and place of work. In modern Kazakhstan, market reforms and privatization have provided citizens with an opportunity to select their own housing. However, soaring market prices for real estate, growing income inequality, and state retrenchment from the social sphere have made housing inaccessible for many citizens. The government launched a State Housing program in 2005 to help citizens to obtain their own accommodations. In turn, people have used informal networks and provided informal payments to increase their chances to access state-subsidized housing.

As in the Soviet period, access networks continue to play an important role for people trying to gain access to cheap accommodation, but they also under- mine citizens' trust in government and reducing the equity of access to subsidized housing. So why have informal networks survived in post-Soviet Kazakhstan and how do they differ from those of the Soviet era? To answer these questions, the article focuses on state housing policy and the tactics people use to gain access to this scarce commodity in Kazakhstan. This study aims to shed light on the relationship between the state's retrenchment from the social sphere and social inequality, on the one hand, and the informal exchanges that people utilize in order to get access to housing, on the other. In addition, the article examines differences in the housing distribution and informal exchanges between the Soviet and post-Soviet periods.

The article starts by providing the historical background of the housing situation in the Soviet era, looking specifically at the patterns of housing allocation, and informal channels people use to gain access to accommodation. It then turns to the post-Soviet period, focusing on state retrenchment and market reforms in the housing sector and providing a detailed description of the state housing program launched by the government. Finally, it explores the patterns of informal exchanges that people utilize to gain access to subsidized housing in post-Soviet Kazakhstan. The article draws on data collected from interviews, textual analysis, and original surveys conducted in Kazakhstan in 20111 and 2013.2

1 The author's survey was conducted in three cities of Kazakhstan: Almaty, Astana, and Petropavlovsk, N = 400. The survey was based on random sampling procedure.

2 The author's survey was conducted with the help of the Center for Social and Political Research "Strategia" in January–February 2013 in Kazakhstan. The survey was based on multistage random sampling procedure, N = 700. It was conducted in five regions of Kazakhstan: south, east, west, north, and the center.

Informal Exchange Networks and Access to Public Goods

There is a growing body of literature on informal institutions and their impact on various political and socioeconomic outcomes.3 In general, informal institutions are defined as "socially shared rules, usually unwritten, that are created, communicated, and enforced outside officially sanctioned channels."4 I use a narrower definition of informal exchanges characterized as "long-term ties of exchange, or give-and-take, between individuals or groups over time."5 So how does the literature explain the persistence of informal exchanges? The earlier generation of scholars argued that informal networks are largely inherent to backward agrarian countries and can disappear with progressing economic development and industrialization. According to them, market reforms and the projected power of the state to the periphery lead to the erosion of poverty and thus disrupt informal clientelist reciprocal exchanges.6 In contrast, recent scholarship shows that when market mechanisms do not provide the public with sufficient amount of goods, informal institutions—networks of friends, families, and nongovernmental organizations (NGOs)—rise automatically to compensate for the under-provision of those goods and thus substitute the state.7 In Central Asia, informal exchanges did not emerge from a scratch. Scholars have long emphasized the importance of informal exchanges in the Soviet Union, where scarcity of material goods, hierarchical political structures, and the high level of discretion in the distribution of goods produced

3 Gretchen Helmke and Steven Levitsky, *Informal Institutions and Democracy*: *Lessons from Latin America* (Baltimore, md: John Hopkins University Press, 2006); Melanie Cammett and Lauren MacLean, *The Politics of Non–State Social Welfare* (Ithaca, NY: Cornell University Press, 2014); Simona Piattoni, *Clientelism and Democratic Representation*: *The European Experience in Historical and Comparative Perspective*. (New York: Cambridge University Press, 2001); Tina Hilgers, *Clientelism in Everyday Latin American Politics* (New York: Palgrave Macmillan, 2012).

4 Helmke and Levitsky, *Informal Institutions and Democracy*, 5.

5 Lauren MacLean, *Informal Institutions and Citizenship in Rural Africa*: *Risk and Reciprocity in Ghana and Cote D'Ivoire* (New York: Cambridge University Press 2010), 17.

6 James Scott, *The Moral Economy of the Peasant*: *Rebellion and Subsistence in Southeast Asia* (New Haven, CT: Yale University Press, 1975); Rene Lemarchand, "Political Clientelism in Tropical Africa: Competing Solidarities in Nation–Building," *American Political Science Review*, 66, no 1 (1972): 72–112.

7 Cammett and MacLean, *The Politics of Non-State Social Welfare*; Kelly McMann,"Market Reform as a Stimulus to Particularistic Politics," *Comparative Political Studies*, 42, no. 7 (2009): 971–994; Joseph Stiglitz, "Formal and Informal Institutions," in Partha Dasgupta and Ismail Serageldin and (eds), *Social Capital*: *Multifaceted Perspective* (Washington, dc: World Bank, 2005), 59–68.

"the economy of favors," institutionalized patron-client relations, and "the system of blat."8 Edward Schatz, describing the Soviet "economy of shortages," argues that informal networks were reliable channels to gain access to scarce resources for ordinary people and elites alike.9 Indeed, personal connections and networks of "friends of friends" were necessary to gain access to scarce goods such as housing or quality medical services.10

Although today there is no shortage of regular material goods such as foodstuffs and clothes as frequently occurred in the Soviet era, there is scarcity of lifecycle needs such as housing, quality medical services, kindergartens, and jobs in post- Soviet Kazakhstan. Indeed, the market mechanisms were not able to fill the gap left by the state, which withdrew from many spheres of life after the collapse of the Soviet Union in 1991. Kelly McMann, for instance, argues that the failure of eco- nomic reforms to develop market-enhancing mechanisms and the diminished role of the state in the economy stimulated particularistic politics in Kazakhstan.11

I agree that market reforms in Kazakhstan have likely stimulated informal exchanges in the post-Soviet period. However, it is not only the failure of the market to provide goods and services; rather, poor state housing provision and growing inequality also contribute to the vibrancy of informal exchanges among the population. Market reforms have created a gap between the rich and the poor in Kazakhstan, which previously was a relatively egalitarian society, while state retrenchment from the social sphere left many people socially insecure. Under conditions of low state social support and inequality, informal networks help to solve different people's everyday problems. First, they provide social mechanisms of survival and safety nets by spreading risks among individuals in difficult times. Second, informal reciprocal institutions provide and mediate access to state resources, including public goods. People seek access to scarce state resources through the informal system of reciprocity and through personal networks.12

8 Alena Ledeneva, "Continuity and Change of Blat Practices in Soviet and Post–Soviet Russia," in Alina Ledeneva, S. Lovell, and A. Rogachevskii (eds), *Bribery and Blat in Russia*: *Negotiating Reciprocity from the Middle Ages to the 1990s* (Basingstoke, uk: Macmillan, 2000), 140; John Willerton, *Patronage and Politics in the ussr* (New York: Cambridge University Press, 1992).

9 Edward Schatz, *Modern Clan Politics*: *The Power of* "*Blood*" *in Kazakhstan and Beyond* (Seattle: University of Washington Press, 2004).

10 Vladimir Shlapentokh, *Love*, *Marriage*, *and Friendship in the Soviet Union*: *Ideals and Practices* (New York: Praeger Special Studies, 1984); Vladimir Shlapentokh, *Public and Private Life of the Soviet People* (New York: Oxford University Press, 1989).

11 McMann, "Market Reform as a Stimulus to Particularistic Politics."

12 Cammett and MacLean, *The Politics of Non-State Social Welfare*, 20.

Access networks, however, are different from the survival networks that emerge under conditions of extreme material deprivation and that are largely based on residence and kinship, as described by Javier Auyero in his study of the Argentinean shantytown.13 Survival networks develop among very poor people who do not have any income or do not receive pensions and other social benefits from the state. This kind of networking does not provide access to highly paid jobs, better apartments, or high quality healthcare services; rather, survival networks help poor people to obtain the means of subsistence, such as food, clothing, and medicine. In exchange either for direct subsistence or low monetary income, people can become involved in various activities such as provision of their labor for building and repairs, raising animals, and other activities.14 In contrast, access networks15 arise amid an "economy of shortages" and provide access to scarce commodities—including those of better quality and cheaper price—that are not easily available to the population. These networks are more inclusive and may comprise people of various social statuses who work in the government. Access networks can be developed on the basis of residence, kinship ties, place of work, place of study, or other commonality. This kind of networking is used to gain access to scarce or better quality goods and services, often at the expense of the state resources.

Since access to goods and services is critical for our understanding of informal exchanges in Kazakhstan, it is also important to provide a definition for "access to housing." In the literature, access to basic necessities is defined as the degree to which people are able to meet their needs for housing, jobs, and education. One of the most important criteria of access to basic needs is equity, which implies equal access according to gender, ethnicity, age, religion, geography, and so on.16 Equity to public housing can be characterized as the lack of formal and informal barriers. Formal barriers can include the ability to pay and various formal rules (laws and regulations) that specify categories of people in need of housing.17 Informal barriers to obtain public housing can include corrupt actions and manipulation by applicants and official employees involved in the housing distribution process.

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13 Javier Auyero, "The Logic of Clientelism in Argentina: An Ethnographic Account," *Latin American Research Review*, 35, no. 3 (2003): 59.

14 Ibid.

15 The term used by Edward Schatz (2006).

16 Cammett and MacLean, *The Politics of Non-State Social Welfare*.

17 David Hulchanski, "Immigrants and Access to Housing: How Welcome are Newcomers to Canada?" Summary of presentation at Metropolis Year ii Conference, Montreal, November 23–26, 1997. Available at http://www.urbancenter.utoronto.ca/pdfs/researchassociates/Immigrants-Access-to-Housin.pdf (accessed November 16, 2014).

Housing Policy in a Society of Connections

Housing was one of the most acute problems in the Soviet Union. People lived "in communal squalor," in which a "living space" was less than five square meters per person.18 While the Soviet leadership heavily invested in industry, it did not allocate enough resources to build houses for its citizens. Tens of thou- sands people were on waiting lists to obtain an apartment or house across the country (Table 1). The situation with the supply of housing slightly improved in the 1960s under Nikita Khrushchev's rule when 2.2 million units were built every year. The housing area per capita had increased to 8 square meters for the USSR and 10 meters for Moscow by the mid-1970s.19 In Kazakhstan, the construction of housing also increased significantly. If 58,900 apartments were built in 1950, their number reached 164,100 in 1960. In urban areas, the total amount of housing increased from 14 million to 62.2 million square meters in 1950 and 1969, respectively.20 Quality of housing, however, was not a priority.

Table 1 *Waiting List for Improved Housing in capitals of Soviet Union Republics, 1988*

City	Number of Householdson waiting list	% of households on waiting list
Alma-Ata	***49,700***	***15***
Ashkhabad	23,600	26
Baku	68,700	26
Dushanbe	31,300	22
Moscow	334,800	12
Kyiv	208,400	26
Frunze (Bishkek)	31,800	17
Tallinn	25,400	16
Riga	75,700	26
Erevan	42,000	16

Source: G. Andrusz, "Housing Policy in the Soviet Union," in J. Sillince (ed.), *Housing Policies in Eastern Europe and the Soviet Union* (New York: Routledge, 1990), 245.

18 Henry Morton, "Who Gets What, When, and How? Housing in the Soviet Union," *Soviet Studies*, 32, no. 2 (1980): 235–259.

19 Morton, "Who Gets What," 237.

20 "Narodnoe Khozyaistvo Kazakhstana za 70 let" [National Economy of Kazakhstan for70 Years], (Alma-Ata, 1990).

N. Khrushchev, who preferred to provide citizens "an adequate apartment," rather than "a very good one," launched a large-scale construction campaign. Around one-third of the population was rehoused during the Khrushchev period.21 The results of those efforts are visible even in the present time in nearly every city of the former USSR, including in Kazakhstan. The so-called *Khrushchevki* (Khrushchev's slums)—four- and five-story housing blocks – were built through- out Kazakhstan and other Union republics. In comparison to houses built of bricks, the use of panel or monolith blocks slashed construction by 1.5–2 times and reduce the amount of labor by 30–35%. In Kazakhstan, 42% of all housing was made of monolith blocs.22 However, *Khrushchevka* built of monolith blocks (rather than bricks) have very little sound insulation. The living rooms and bed- rooms are small and have a shape of narrow and prolonged rectangle. The kitchen's standard size is 6 square meters regardless of the number of bedrooms, so that a family consisting of four or five people cannot have lunch or dinner together.

Despite the efforts of the Soviet leadership to alleviate the housing problem in the 1970s, the tremendous amount of apartment construction did not correspond to the population's needs or expectations. The shortage of housing had been particularly acute in large Soviet cities where private construction by individuals had been prohibited. In addition, considerable regional variation continued to exist across Union republics. As Table 2 shows, whereas in the three Baltic states the urban average living space varied from 15.7 to 17.8 square meters per capita, in the Central Asian states, including Kazakhstan, it ranged from 10.1 to 12.6 square meters per capita. The disparity was a result of the differential investment rate across the republics. While in the Baltic states capital investment per capita was 139.50 rubles, in Tajikistan, Kirgizia, and Uzbekistan the numbers were 55.80, 64.60, and 70.30, respectively.23 The disparities in living area existed not only across the Union republics but also across regions of Kazakhstan. For instance, in 1984 in the Mangyshlak region the average amount of living area was 6.1 square meters per person, while in the Karagandy region this number was 12.9 and in Alma-Ata city—12.0.24 The disparity can be explained by the difference in terms of demographic growth, on the one hand, and the speed of construction, on the other. According to the 1984 survey, the dissatisfaction with

21 Lynn Attwood, "Privatization of Housing in Post-Soviet Russia: A New Understanding of Home Edward?" *Europe-Asia Studies* 64, no. 5 (2012): 906.

22 A. Turkebaev, Z. Kurbanova, and A. Saktapov, *Zhilishchnoe Stroitelstvo v Kazakhstane* [Housing Construction in Kazakhstan] (Alma-Ata, 1984).

23 Gregory Andrusz, "Housing Policy in the Soviet Union," in J. Sillince (ed.), *Housing Policies in Eastern Europe and the Soviet Union* (New York: Routledge, 1990).

24 Turkebaev, Kurbanova, and Saktapov *Zhilishchnoe Stroitelstvo*.

Table 2 *Average Per Capita Housing Provision in the USSR by Republic, 1986 (sq. m. of overall living space)*

	Urban	**Rural**
USSR	14.3	16.1
Estonia	17.8	26.6
Latvia	16.9	23.4
Georgia	15.9	19.6
Lithuania	15.7	21.9
Ukraine	15.4	19.4
RSFSR	14.5	17.1
Belorussia	14	20.4
Armenia	13.1	15
Moldavia	12.8	20.3
Kazakhstan	***12.6***	***8.9***
Azerbaijan	11.9	13.6
Kirghizia	11.3	11.3
Uzbekistan	11.2	10.8
Tajikistan	11.1	7.6
Turkmenistan	10.1	10.3

Source: G. Andrusz, "Housing Policy in the Soviet Union," in J. Sillince (ed.), *Housing Policies in Eastern Europe andthe Soviet Union* (New York: Routledge, 1990), 248.

housing was particularly high among young people who lived in dormitories or had to sublet apartments. The waiting time for receiving new housing ranged from 10 to 15 years. Those individuals who owned houses or had separate apartments were more satisfied than people who rented apartments.25

When he became general secretary of the CPSU in 1985, Mikhail Gorbachev abandoned widespread state provision of housing. Instead, a privatization process was launched so that individuals could buy their own apartments. The "Housing 2000" program stipulated the provision of accommodation to every family by the year 2000. The target of the Soviet leaders was to construct 40 million apartments—2 billion square meters—between 1986 and 2000.

25 James R. Millar and Elizabeth Clayton, "Quality of Life: Subjective Measures of Relative Satisfaction," in James R. Millar (ed.), *Politics*, *Work*, *and Daily life in the USSR*: *A Survey of Former Soviet Citizens* (New York: Cambridge University Press, 1987).

This, however, was not enough since the need for housing had reached 2.6 billion square meters.26 For instance, in Kazakhstan in the late 1980s, the number of people who received state housing decreased from 163,800 in 1987 to 148,900 in 1989.27 The government offered loans, financial and technological assistance, and legal support to people willing to build their own homes or acquire apartments on their own; meanwhile, state enterprises were no longer responsible for providing housing for their employees. Despite these declarations, not much change took place and a paternalistic model continued with the state as the dominant provider of housing to its population.

Administrative Distribution of Housing in the Soviet Union

The Soviet housing model enshrined in the 1977 Constitution (Article 44) purported to guarantee everyone equal access to accommodation, to compensate income inequalities, and to reduce differences that existed in the provision of housing. Most importantly, the constitution guaranteed "fair allocation [of housing] under public control" that was based "not on the financial status of the citizen or his family, not on one's ability to pay but on information of an entirely different kind," e.g., the number of people in the family, state of their health, participation in the Great Patriotic War, and other."28 In practice, housing was stratified between the haves and have-nots. The distribution system privileged and provided benefits to certain groups of the population and was largely based on a family's social status and an individual's occupation rather than need.29

The Soviet housing policy served two main purposes. The Soviet leadership used housing as a tool of the rewards-incentives system to increase labor productivity and as a means to control the population and build political support

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26 Mikhail Berezin, Olga Kaganova, Nodezdha Koserava, Andrey Priktov, and Raymond Stryuk, "The Russian Federation," in David Klapham, Jozsef Hegedus, Keith Kintrea, and Ivan Tosics (eds), *Housing Privatization in Eastern Europe* (Westport, CT: Greenwood Press, 1996).

27 "Narodnoe Khozyaistvo Kazakhstana za 70 let," 81.

28 Constitution of the USSR, 1977, http://www.hist.msu.ru/ER/Etext/cnst1977.htm#i (accessed June 29, 2014).

29 The "need for improved housing conditions" was different across cities and Union Republics and was generally within the range of 5 to 7 square meters per person, with the average of 6.3 square meters. In 1989, the average overall floor space per person reached 15.5 square meters. The worst provision of living space per capita, however, was in Central Asia, with 6.4 of square meters in Tajikistan, Azerbaijan, and Uzbekistan—7.9 per person. The best provided-for citizens were in Estonia (13.7 square meters of living space), Georgia (13.4), and Latvia (12.5). Some 15 million people lived in communal apartments and 12 million lived in dormitories (Kalinina 1992).

and loyalty among those social groups that were essential for the maintenance of the Soviet leaders in power.

The distribution of housing was largely stratified. The ramified system of privileges allowed avoiding rigid regulations and norms of distribution providing better housing conditions to the *nomenklatura* and those who were close to the Communist Party and its leadership.30 The privileged were entitled to special consideration on the priority list or to extra housing space. Simis notes,

> Housing for the ruling elite is also special and unlike that of ordinary people. Buildings for the privileged are built to special designs and are finished with particular luxury. The families of the ruling elite get— free of charge, of course—apartments that are enormous by Soviet standards—four, five times the size of any apartment obtainable by even the most fortunate of ordinary mortals.31

Very often the members of the elite professional intelligentsia were among the fortunate ones who could receive apartments of superior quality in the House of Soviet Writers or the House of Soviet Scientists. Receiving an apartment in such a building would not necessarily demonstrate distinguished service but, rather, political loyalty. The allocation process was a part of an informal control system that punished nonloyal and less reliable individuals and rewarded the loyal ones. Clearly, there was a contradiction in the distribution system between housing as a right of all citizens and housing as a reward for good work and loyalty.32

As in other sectors of the economy, housing was highly centralized, with the state controlling all aspects of supply chain—planning, construction, and provision. The distribution of housing units, however, was less subject to centralization and occurred largely through local soviets, state enterprises, or state institutions. These categories were the main pillars of the Soviet housing system that emerged in 1924 and existed throughout the duration of the Soviet Union. The control of housing ownership among these categories varied across the Union republics and cities. For instance, the percentage of state housing owned by local soviets was lowest in Kazakhstan (38%) and highest in Armenia (more than 80%).33 Typically, housing was allocated by a small commission consisting of one of the deputy chairmen of the local Soviet, a trade union

30 Arif Hasan, *Housing Crisis in Central Asia* (Karachi: City Press, 1997).

31 Konstantin Simis, *USSR*: *The Corrupt Society*: *The Secret World of Soviet Capitalism* (New York: Simon and Schuster, 1982), 74.

32 Alfred John DiMaio, *Soviet Urban Housing*: *Problems and Policies* (New York: Praeger, 1974).

33 Andrusz, "Housing Policy," 132.

representative, a local deputy, and "representatives of interested bodies."34 This Soviet practice of housing allocation through the commission has been replicated by the government officials in post-independence Kazakhstan.

State industrial enterprises were particularly important channels for the allocation of various social benefits, including housing. When applying for a job, potential employees knew whether current employees were entitled to certain goods that employees of other organizations could not access. Large state organizations provided a wider supply of goods and services than smaller ones. Distribution of housing through state enterprises or organizations made people particularly dependent economically on their place of work. The change of job or alteration in housing conditions could lead to the loss of the right to be on the waiting list. As a corollary, housing became an effective tool for the Soviet leadership and state enterprise managers to retain workers at the workplace, control their behavior, and raise labor productivity. Those who did not want to work hard or did not agree with the official policies could be evicted from their homes obtained at the workplace.35

Soviet gatekeepers

Gatekeepers are "points at which goods, service privileges, and information are assigned to some people and kept away from others."36 The shortage of housing in the Soviet Union created fertile soil for gatekeepers who were in charge of the allocation of housing. Since housing was a big problem, many government officials responsible for the distribution took advantage of their position. The *nomenklatura* assigned to the task—managers of industrial state enterprises and local or regional party committees—influenced the allocation of housing, which was "the most prestigious aspect of their office" and constituted an important component of the Soviet reward system.37According to a 1984 survey, when respondents were asked about their contacts with

34 Michael Matthews, *Privileges in the Soviet Union*: *A study of Elite Life-Styles under Communism* (London: George Allen and Unwin, 1978).

35 Andrew Walder, *Communist Neo-Traditionalism*: *Work and Authority in Chinese Industry* (Berkeley: University of California Press, 1988); Mikhail Meyerovich, *Nakazanie Zhilishchem*: *Zhilishchnaya Politika v SSSR kak Sredstvo Upravlenia Lud'mi 1917–1937* [Punishment by housing: Housing policy in the USSR as a tool of control of people 1917–1937] (Moscow: Rosspen, 2008).

36 Boleslaw Domanski, "Gatekeepers and Administrative Allocation of Goods Under Socialism: An Alternative Perspective," *Environment and Planning*, 9, no. 3 (1991): 281–293.

37 Olga Bessonova, *Sovetskaya Model' Zhilishchnykh Otnoshenii*: *Genesis*, *Sushchnost'i Puti Perestroiki* [The Soviet model of housing relations: genesis, essence of the perestroika path] (Novosibirsk: Akademia Nauk SSSR, 1988).

government officials, more than 50% of their reported contacts concerned housing for acquisition or repairs for either themselves or for others.38 Gatekeepers could arbitrarily decide whether or not to satisfy a request for housing, responding either "Alright then, I'll give you a flat!" or "I think that we should let him wait a little longer."39

Since any monopolization leads to distortions and corruption, the distribution of housing, largely in the hands of government officials, was highly corrupt. To obtain an apartment in a large city and reduce one's waiting time, it was necessary to find a way to move to the head of the queue. New housing units were assigned on the basis of occupation and influence first, and need only second. When it came time to allocate apartment, an individual's position on the waiting list often meant little. Instead, the authorities might decide to suddenly telephone the family of a famous athlete or other influential person, allowing them to leap to the front of the queue. "Sons and daughters, sisters and brothers, nephews and necessary people of influential persons received better accommodation, not even knowing what a queue means."40 Personal informal networks were important in the Soviet Union, allowing both the *nomenklatura* and rank-and-file citizens alike to gain access to scarce resources.41 Rywkin notes, "Most of the 'ways' [of getting an apartment] is well known. They are based on the certitude that ranks and positions give special rights; not only to rank holders but to their children as well."42 People extended favors to their friends, relatives, and necessary or influential people using state property and resources. Contacts with those in the distributional system were more important than rules and the needs of the population.

Bribery was also widespread, as illustrated by the case of N. Babadzhanov. At various times, Babadzhanov had been a member of the Tajik Bureau, first secretary of the Dushanbe City Party Committee, and chairman of the commission on housing questions in Tajikistan. Babadzhanov and his supporters assigned apartments to people on the waiting list only if bribes were paid. The bureaucrats took "teaspoons, bracelets, linen, bolts of cloth, shirts and shoes, meat and watches, and of course, 'money and more money'."43 Very often N. Babadzhanov bypassed or ignored the commission and distributed

38 Millar and Clayton, "Quality of Life," 164.

39 Andrusz, "Housing Policy," 550.

40 Ibid., 557.

41 Alena Ledeneva, *Russia's Economy of Favors* (New York: Cambridge University Press, 1998).

42 Michael Rywkin, Soviet *Society Today* (Armonk, NY: M.E. Sharpe, Inc., 1989), 111.

43 DiMaio, *Soviet Urban Housing*: *Problems and Policies*, 131.

housing at his own discretion, usually according to informal personal connections and friendships. The bureaucrats had established prices for their services. For instance, 3,000 rubles for a one-room apartment, 5,000 for a two-room apartment, and 8,000 for a three-room apartment.44

State retrenchment from the housing sector exacerbated the state housing shortage in the 1990s, while soaring real estate prices have not allowed many citizens to obtain their own accommodation. Under these conditions, informal networks and payments have continued to shape state-society linkages and play an important role in the distribution of housing in post-independence Kazakhstan.

Housing Policy and Informal Exchanges in Post-Soviet Kazakhstan

State Retrenchment in the Housing Sector

The collapse of the Soviet Union and the dire economic crisis of the 1990s resulted in sharp retrenchment of the state from the housing sector. The state intentionally withdrew "as part of political and economic restructuring." McMann notes, "The state no longer serves as a primary employer, landlord, healthcare provider, and banker, having devolved these roles to private entities."45 The message of the government in the 1990s was that people have to rely mostly on themselves and should not expect any help from the state.

As a result of state retrenchment, social expenditures decreased from 11.2% of gdp in 1992 to 6.6% in 1996, while pensions declined from 8.2% to about 4% of gdp.46 The absence of political and social forces in Kazakhstan allowed for the implementation of radical welfare reforms in the country. "Political par- ties, civil society organizations, and the legislature … were virtually powerless to limit change" and "the welfare state underwent nearly unconstrained liber- alization."47 State retrenchment led to a decline in the provision of housing by the state. During the five years after the demise of the Soviet Union, from 1991 to 1995, the number of housing units decreased from 7,869 to 1,662, i.e., by 78.9%. There was also a drastic reduction of state subsidies for housing

44 Ibid., 150.

45 McMann, "Market Reform as a Stimulus to Particularistic Politics."

46 Linda Cook, *Post-Communist Welfare States*: *Reform Politics in Russia and Eastern Europe* (Ithaca, NY: Cornell University Press, 2007).

47 Ibid., 48.

construction. In 1995, although the state remained the main source of funding, state-funded construction reached only 15.6% of its 1990 volume (Table 3).48

According to my 2013 survey, many respondents believe that housing has become a scarcer commodity than it was in the Soviet period. Some 59% of respondents answered that compared with the Soviet period, state housing has become inaccessible to the majority of the population, while 26.2% said that it is accessible only to a few people. More rural residents (66.5%) than urban dwellers (55.6%) believe that access to state housing has shrunk. This is per- haps not surprising because state retrenchment from the housing sector largely affected rural areas. Indeed, the government does not build houses in small towns and villages to the same degree as it was in the Soviet time. Although a large share of all age groups think that access to state housing is limited for the majority of the population, the highest percentage is among older the (65 and older) and middle-aged (35–44 years old) populations.

Market Reforms, Inequality, and Housing

Market reforms were expected to alleviate the scarcity of housing for the population. Indeed, because of liberalization and privatization in the 1990s many people obtained the opportunity to buy new houses and apartments as

Table 3 *Apartment Buildings in Thousands of Square Meters by Source of Funding*

	Year				
	1985	1990	1993	1994	1995
Total apartment buildings	6,627	7,869	3,856	2,322	1,663
By source of funding					
Enterprises and organizations	5,949	6530	2732	1529	1037
Private citizens	528	1164	1057	764	628
Collective Farms	150	175	67	29	8

Source: *1995 Statistical Yearbook of the Republic of Kazakhstan* (Alma-Ata: 1996).

48 Gauhar Zainnullina, Richard Dodder, and Gulnar Zainullina, "Privatizing the Housing Sector: The Case of Kazakhstan, 1985–1995," *Journal of Political*, *Economic*, *and Social Studies*, 24, no. 2 (1990): 173–194.

Table 4 *Housing Trends in Kazakhstan, 1999–2005, in sq. m.*

	1999	2000	2001	2002	2003	2004	2005
Total housing stock	244.5	239.4	241	238.3	243	252.7	254.6
New housing construction	1.1	1.2	1.5	1.55	2.1	2.6	5
Housing stock per capita	16.4	16.5	16.3	16.6	17	17.3	17.5

Source: Statistical Agency of the Republic of Kazakhstan, http://www.stat.kz/.

well as acquired the right to sell, rent, and lease them. As a result of the large-scale privatization conducted in the early 1990s, 96.8% of the housing stock is now privately owned; the state possesses only 3.2%. This is a completely different situation from what existed under the Soviet Union when the state was the major owner and provider of housing for its citizens. In the post- independence period, the rate of private housing construction has markedly increased, particularly during the construction boom of the 2000s. Some 5 million square meters of new housing were constructed in 2005, compared with only 1.5 million in 2002 (Table 4). According to Sunkarbayeva, the largest share of the new construction took place in Astana and Almaty, at 22% and 12%, respectively.49

Despite some positive improvements brought by the market economy, the supply of housing still has not kept up with demand. In fact, the housing problem has worsened since the demise of the Soviet Union. In my 2010 survey, 55% of respondents mentioned that they would like to improve their housing conditions, citing the lack of living space (29%), having to live with parents and relatives (24%), wanting to buy rather than rent (20%),50 dilapidated housing conditions (18%), and living in housing provided by the state or at a company's expense (*vedomstvennoe zhil'e,*) (2%). As one respondent said, "If one hundred thousand people have housing, two hundred thousand of them do not. This is a real fact."51

In addition, the influx of rural dwellers to cities has substantially increased in the post-independence period due to the high rate of unemployment, the

49 Personal communication, Almaty, November 2011.

50 Although renting existed under the Soviet Union, it has become particularly common in the post-independence period. People, however, seek to have their own housing.

51 Center for Social and Political Research "Strategia," *Zhilishchnaya Problema v Otsenkah Naselenia*, 2009. Report based on survey, expert interviews and focus groups.

elimination of small villages (officially referred to as "optimization"),52 and low standards of living in rural areas. Internal migration fueled the growth of prices on real estate, on the one hand, and increased the demand for housing, on the other. According to Tsenkova, there is a huge shortage of housing in the Central Asian republics, particularly in the capital cities, that has been exacerbated by delayed urbanization and a rapid influx of rural population, which exacerbates the pressures on local housing markets.53 Many rural dwellers complained that it is hard to survive in a village since there are no jobs there. One of the interviewees said, "The money is circulating in Almaty and Astana cities and jobs are also available there, that is why all people try [to come] there and they [migrants] create problems with housing." Another person explained, "You see, it is much easier to obtain housing in a village than in a city. But there is no job there, and thereby there is no income for living there. In any case, a man who lives in a village goes to a city to earn money in order to support his family."54

Although market reforms have brought some degree of wealth dispersion, "pockets of relative economic autonomy," and the emergence of new business elites, in reality market-enhancing mechanisms are absent and distortions in the economy exist.55 The oligopoly in the real estate sector and other areas of the economy emerged as a result of the privatization process that was conducted in the early 1990s in Kazakhstan. Privatization concentrated the bulk of economic resources in the hands of a few people, and "decisions over who is allowed to become a player in the world of big business ultimately remain the president's prerogative."56

The privatization process has also led to the stratification of society. The gap between the rich and the poor has been steadily growing in the country over the last two decades. According to experts, in 2012 the income earned by the wealthiest 10% was 29 times that earned by and the poorest 10%.57 Some

52 Optimization of villages refers to the resettlement of the population from small and degraded villages that have no prospect for development.

53 Sasha Tsenkova, "Provision of Affordable Housing for Europe, North America, and Central Asia: Policies and Practices." Paper prepared for the United Nations-habitat, January 2008. Available at http://www.ucalgary.ca/cities/files/cities/AffordableHousing InternationalExperiences.pdf (accessed March 24, 2013).

54 *Zhilishchnaya problema v otsenkah naselenia*.

55 Barbara Junisbai, "A Tale of Two Kazakhstans: Sources of Political Cleavage and Conflict in the Post-Soviet Period," *Europe-Asia Studies*, 62, no. 2 (2010): 235–269.

56 Ibid., 245.

57 Saule Isabayeva, "Bogataya Strana Nishchih" [A rich country of the poor people] http:// old.camonitor.com/archives/5845, (accessed November 23, 2014); Tsenkova, "Provision of Affordable Housing for Europe North America and Central Asia."

scholars argue that the gap may be as much as 100 times. Income differentiation is evident across different sectors of the economy. For example, the aver- age monthly salary of an information technology employee in a state organization is 29,000 tenge ($161), while in the oil sector it is 243,000 tenge ($1,350). The growing inequality creates an opportunity gap for people trying to access goods and services via the market and making them more dependent on state support in terms of housing and other services.

Although housing prices decreased during the 2008 economic crisis, they still remain very high, which makes purchasing of new housing unaffordable for the majority of the population due to their low salaries. For instance, the price of housing in Almaty increased from $700 per square meter in 1999 to $1,000 in 2002. The average price on newly constructed housing per square meter increased by 66% from 2005 to 2011 (Table 5). The growth of prices on real estate in regional cities has been equally fast. In Taldykorgan and Semey, for example, the price of real estate increased by almost 50% between 2010 and 2011 (Table 6). Thus, the differences in income coupled with high market prices have created fertile conditions for people to resort to informal exchanges in order to gain access to scarce resources.

To alleviate the problem with the shortage of housing, the government of Kazakhstan launched the State Housing Program, which has been implemented in three stages. The program has been administered by the Ministry of Industry and Trade, while the Departments of Housing of regional city *akimats* (administrations) have been responsible for implementation—collecting documents, evaluating the eligibility of potential participants, and distributing apartments.

The State Housing Program

First Stage: 2005–2007

The law establishing the State Housing Program 2005–2007 was adopted on April 14, 2004. It predicted that 12 million square meters of housing would be

Table 5 *Average Prices for Housing per sq. m., in thousands KZT, 2005–2011, Kazakhstan*

	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Newly constructed	92.6	123.9	161.3	147.5	137.3	143.9	154.1
Secondary	60.7	95.4	136.2	108.3	100.8	106	110.5

Source: Statistical Agency of the Republic of Kazakhstan, http://www.stat.kz/.

Table 6 *Price Growth of Housing from 2010 to 2011 in Regional Cities (percent)*

City	New	Secondary
Semey	46.5	63.5
Taldykorgan	47.1	28.8
Taraz	37.4	25.9

Source: Statistical Agency of the Republic of Kazakhstan, http://www.stat.kz/

built over the next three years. The government planned to spend more than 150 billion tenge for subsidized housing during 2005–2007. The law on housing specified the social categories of citizens who could participate in the pro- gram: young families, civil servants, the military, and *byudzhetniki*. The latter category is largely composed of employees in the healthcare and education sectors. The "young family" category includes couples (with or without children) that have not reached the age of 29. Single mothers are also included into this category. According to the program, the sale price for housing construction was not supposed to exceed $350 per square meter. To reach that below- market price level, the government had to heavily subsidize construction costs. Market prices, varying from $750 to $1,485 per square meter across the country, have remained too high and largely unaffordable for ordinary citizens to purchase their own housing. The program also required that the length for mort- gages would be increased from 10 years up to 20 years; while the down payment would be diminished to 10%. It was also proposed that the interest rate would be lowered to 9%.58 These measures were aimed at helping people employed in civil service and other state organizations to obtain their own housing.

Second Stage: 2008–2010

The government extended the program by another three years (2008–2010) since the demand in housing was still 2.5 times higher that of the supply level.59 To improve the process of housing distribution, a point/score system was introduced for the 2008–2010 stage of the program. According to this system, each

58 *Kazakhstan Today*, April 14, 2004, http://www.kt.kz/rus/archive/2004-04-14/ (accessed April 15, 2012).

59 *Kazakhstan Today*, May 5, 2004, http://www.kt.kz/rus/archive/2004-04-14/ (accessed June 21, 2012).

applicant received a number of points based on her application. For instance, every year of work experience in the civil service or a state agency was awarded 10 points, while the "young family" category was worth 3 points. If a family had children, it received 5 points for each child. The number of family members determined whether the applicant qualified for a two-bedroom or a three- bedroom apartment. According to the state standards existing in Kazakhstan, every individual is eligible for 15 square meters of housing area or living space but not more than 18 square meters per capita. However, this rule has been applied only to civil servants, *byudzhetniki*, and the military, while other eligible categories such as single mothers could claim only six (rather than 15) square meters of housing area as a standard minimum. This rule clearly privileged those who work for the state by providing them more spacious apartments. According to the pro- gram, a couple with two children of the same sex was eligible to apply for a two- bedroom apartment, while parents who had a son and a daughter had the rightto apply for a three bedroom apartment.

According to the deputy chair of the Housing Department in Astana city, between 2005 and 2007, 28,000 applications were submitted and 5,612 apartments were distributed. This means that only 20% of those who applied were able to acquire accommodation through the program. The apartments were distributed as follows: young families (1,184), civil employees (2,115), *byudzhet- niki* (1,033), and employees of state organizations (1,280). The average price per square meter was 56,515 tenge or $382,60 which was much lower than the market price. In the second wave, 27,000 applications were submitted and only 2,444 apartments were distributed.61

In Petropavlovsk city, the second stage of the program was implemented within the framework of the program "100 Schools, 100 Hospitals."62 During this period, three houses were built in one of the districts (along Yubileinaya street) of Petropavlovsk. In total, 225 apartments were constructed. Most of them were distributed among healthcare workers—physicians and nurses. In total, 890 applications were submitted to the city *akimat*, but only 225 apartments were distributed—meaning that only 25.3% of those who applied received accommodation.63 Finally, in Almaty city 15,305 applications were submitted to the program, but only 69 housing units (2,410 apartments) were distributed. Based on these statistics, the demand for housing still significantly exceeded its supply.

60 1 us dollar =150 tenge; after devaluation of tenge in 2014, the ratio of us$1 = 181 tenge.

61 Interview with program participant, October 15, 2011.

62 The program "100 Schools, 100 Hospitals" was launched in 2007.

63 Interview with a program participant, October 11, 2011.

One of the requirements for participation in the state housing program was that recipients must remain employed in the civil service or other budget organizations from five to eight years after receiving the public accommodation. This was done to prevent high rate of turnover and brain drain in the public sector. Many people sought to obtain an apartment through the program and then switch their jobs because salaries in the public sector are low. As in the Soviet era, the distribution of public housing to civil servants and *byudzhetniki* served as a tool to retain people in their workplace. One of the interviewees, a teacher from a secondary school, explained that if the government did not pro- vide positive incentives and conditions for teachers, then nobody would like to work in schools. By allocating apartments and requiring teachers and other state employees to continue working for five years or more, the state sought to preserve its professional cadres.

Access to Public Housing and Informal Exchanges

Despite the introduction of a point system during the second stage (2008–2010) of the program, many interviewees and survey respondents reported that it was not easy to gain access to the program. Indeed, access to state housing has become more limited in post-Soviet Kazakhstan than it was during the Soviet period. First, the state housing program has been narrow in scope, targeting only some groups within the population. While in the Soviet era people were entitled to free housing and this right was enshrined in the Constitution of the USSR, there is no free and need-based access to housing guaranteed by law in Kazakhstan. Article 29 of the Constitution of Kazakhstan claims that housing is given for "accessible [*dostupnaya*] payment" to categories of citizens in need as specified by the law on housing. In other words, people have to *pay* for an apartment albeit a subsidized price. This is a critical distinction between housing policies of the Soviet and post-Soviet periods.

On the question of whether the state housing program was easily accessible, 73.6% survey respondents answered that it was difficult to access, while 11.9% respondents claimed that the program was easily accessible. Some 14.5% answered that the program was not accessible to them.64 According to respondents, one of the hurdles to accessing the state housing program was the requirement to have a certain minimum level of income. Although many civil servants were eligible to participate in the program, they were not able to provide bank statements due to their low salaries, and thus they were effectively excluded. For others, the difficulty came in navigating the bureaucracy. Many respondents complained about

64 Author's survey, August–November, 2011, Kazakhstan.

the large number of documents they had to collect in order to apply for state housing. To overcome these obstacles, people used informal networks, asking their relatives and friends to help them to obtain different *spravkas* (documents) and bank statements to expedite the process. One of the interviewees, a military man from Almaty, said:

> I used connections to receive an apartment through the program. We [his family] were waiting for three years living in a dormitory. I was [almost] ready to give a bribe of about three or four thousand dollars. My friends helped me. They took the documents and put them on the top [of the pile and the waiting list] so that my documents could be considered [in the first place by the Commission]. They [friends] are *akimat* employees; they are my former classmates from a university. I have known them over 10 years. I offered them money but they did not take it, then I invited my friends [to the restaurant].65

It is evident that having friends in the *akimat* may help expedite the process of obtaining public accommodation and avoid paying bribes. Even if an individual is eligible and meets all criteria for participation in the program, he may prefer to use informal networks to ensure that the Commission considers his documents, thus raising his chances to obtain public housing.

Access to the Program across Social Groups and Cities

The survey results have also revealed varying levels of access to the program across ethnic groups, particularly differences between Kazakhs and Russians. According to the survey, only 2.2% of Russians answered that the program was easily accessible, whereas 11.9% of Kazakhs did not experience difficulties participating in the program. Similarly, fewer Kazakhs (13.7%) mentioned that the program was inaccessible to them compared with Russians and other ethnic groups (17.8%). My results corroborate previous research findings. According to a survey conducted by the Kazakh Institute of Strategic Research, 44% of Russians mentioned their rights to obtain housing (particularly through the state housing program); only 35.9% of Kazakhs had this impression. The difference in perceptions of these two ethnic groups is explained by the fact that more ethnic Kazakhs hold positions in the civil service and various state budget organizations that make them eligible to apply and obtain public

65 Interview with program participant, November 21, 2011.

housing.66 In addition, the *oralmans*, recent immigrants who are mostly ethnic Kazakhs, receive subsidized housing from the government, which also creates bias toward ethnic Kazakhs.

The survey results also revealed differences across income groups. A higher percentage of low-income respondents (42.9%) claimed that the state housing program was rather inaccessible, whereas only 4.3% of wealthier people had difficulty participating in the program. One of the requirements for participation was the submission of a bank statement that would confirm the participant's ability to pay the mortgage. Although public housing is heavily subsidized and priced far below market levels, for many participants the monthly mortgage payment is still high since salaries in civil service and other budget organizations are low compared with the private sector. As a result, many of the potential participants were not able to confirm that they had enough income to pay the mortgage. According to the head of the Department on Housing of Almaty city, R. Sunkarbayeva, 2,000 out of 10,000 applications were rejected due to insufficient income.67 Indeed, many interviewees reported that one of the greatest difficulties for participation in the program was the need to submit a confirmation letter from a bank regarding financial credibility. If people were not able to verify their adequate financial status, they were excluded from the program. To avoid this requirement, some people used informal networks to obtain financial approval from a bank. One of the interviewees from Petropavlovsk, for instance, claimed that she had to ask her cousin who worked in a local bank to confirm that she has a good financial status to pay the mortgage.68

In addition to the differences across ethnic and income groups, the level of access to the program varied from city to city. In Almaty and Astana—the two major cities in Kazakhstan—the demand for housing was higher than in other regional cities and thus access to the program was more difficult than in Petropavlovsk.

Transparency of the Program

Since the demand for public housing is high and supply is inadequate, there is a potential for corrupt actions and a low level of transparency in the distribution of this good. According to the survey data, 56.5% of respondents disagreed

66 Bakhyt Sultanov et al., *Mezhnatsionalnye I Mezhkonfessionalnye Otnoshenia v Respublike Kazakhstan* [International and Interreligious Relations in the Republic of Kazakhstan] (Almaty: Kisi, 2010).

67 Interview with program participant, November 23, 2011.

68 Interview with program participant, August 17, 2011.

with the statement that the process of housing distribution was transparent; only 25.7% answered positively and 17.8% of respondents had the difficulty in providing an answer. In Petropavlovsk fewer respondents (43%) were negative about the program compared with Astana and Almaty—60.5% and 65.4%, respectively. Similarly, a higher rate of interviewees mentioned that the distribution of public housing in Petropavlovsk was more transparent and carried out according to formal rules rather than through informal networks and bribes. None of the interviewees from Petropavlovsk mentioned informal payments given to state employees in order to be placed on the waiting list or expedite the process of obtaining public housing. This was very different from the author's communication with people from Almaty or Astana, where most respondents had heard about people who made informal payments. One of the possible reasons for this difference in transparency and corruption levels is that in Petropavlovsk the number of housing units constructed was small (only three apartment complexes) and thus it was easier to control who could receive an apartment. In addition, it was clearly stated from the beginning that apartments would be distributed only to medical workers (in 2008–2010) and thus if an apartment was given to someone else, it would be highly visible. Finally, Petropavlovsk is a regional city and the demand for housing is not as high as in Astana and Almaty. Because of the high visibility of the state housing program in Petropavlovsk, it was much harder to commit corrupt actions than in largecities such as Almaty and Astana.

In contrast, the respondents from Almaty and Astana very often gave examples of corrupt actions committed both by the participants and state employees. One of the participants from Astana, Assel,69 who works in the *aki- mat*, said: "People give money, preferably money [than gifts to get an apartment]. They [state employees] ask if you want to get an apartment through the program. [You] need to pay $3,000 to the head of the department or to those who are responsible for the distribution."70 Another participant in Astana mentioned that people were purposely hired to work as civil servants to qualify for participation in the program. They worked there for two or three months— just long enough to apply for public housing and receive an apartment. After obtaining accommodation, they resigned from the civil service.71 Some individuals submitted fake documents concerning their status as a state employee. In Almaty, the financial police found that 85 people had submitted false certificates confirming that they work in the education sector, 22 in the healthcare

69 For privacy and safety of the informant, I do not use their real name.

70 Interview with program participant, October 11, 2011.

71 Interview with program participant, September 3, 2011.

sector, and 43 in other state organizations. Others paid bribes to state employees to ensure that they obtain an apartment. One of the interviewees in Astana said that her friend had to pay $2,000 in order to obtain public housing, although she was on the applicants' list. She did that because she wanted to make sure that she would not have to wait for another year.72

The problem of effective public spending and targeting the poorest residents has been on the agenda of many governments, particularly oil-rich states. In case of the state housing program, not all apartments were distributed to the neediest people in Kazakhstan. Many apartments that were acquired through the program have been sublet to other people. One of the professors from Astana described the situation as follows: "There are many apartments [obtained through the program] that are now leased. This means that people were not in the need of housing if they leased it. [I would say that] about 50% [of housing dwellers] rent [apartments]. There are also a lot of advertisements about leasing."73 Indeed, the author's own experience showed that many people who live in public housing were not the primary owners; rather many of them rented from the owners.

It would be incorrect, however, to argue that the distribution of public housing was nontransparent and based exclusively on informal connections and payments. Many ordinary citizens were able to obtain an apartment through official channels without bribes or connections. Many of those interviewed received public housing very quickly and agreed that the program was trans- parent. Indeed, the rules of competition were quite clear—years of experience, number of children, and so on—that allowed people to make a decision about whether to participate in the program. Some respondents emphasized that they did not even expect to receive a new apartment through the program. Akmaral, a nurse from one of the hospitals in Petropavlovsk, mentioned that she submitted the required documents without any hope and was very surprised to obtain an apartment one month later.74 Another nurse from Petropavlovsk said that everyone that she knows who applied to the programobtained accommodation.

Who Gets on the Applicants' List?

There is a crucial difference between the waiting list that existed during the Soviet period and the applicants' list in modern Kazakhstan. In the Soviet era there was no competition among applicants in terms of points to accumulate

72 Interview with program participant, September 5, 2011.

73 Interview with program participant, October 17, 2011.

74 Interview with program participant, September 7, 2011.

in order to receive an apartment. All people in need of accommodation could apply for state housing, and the order on the waiting list was determined by the time when documents were submitted. Since all people in need could apply, the queues on the waiting list were long (tens of thousands of people) and people had to wait 10–15 years before they could receive state housing. Today, there is no waiting list in the Soviet sense of the term. People who have more points receive priority over people with fewer points. Although citizens have to wait for construction to finish before they receive an apartment, the time of waiting is much shorter than it was in the Soviet period, now lasting from several months up to three years.

The differences in terms of housing distribution have also led to different forms of corrupt by state employees and applicants. Because of the lack of free housing, the narrow scope of the program, and the income requirements, people had to manipulate the rules and bureaucrats in order to obtain housing they were not entitled to. The lack of transparency and the scarcity of housing units created fertile soil for informal exchanges and abuse of powers by public officials.75 According to the survey, 35.5% of respondents answered that they were satisfied with the performance of state employees, while 66.2% were unsatisfied. In contrast to the Soviet-era gatekeepers, represented by managers of state enterprises and members of the party committees, the gatekeepers of post- independence Kazakhstan are state employees working in *akimats* or government agencies. Their influence originates in their key positions in communication networks. They might occupy "low-status yet powerful positions" in a web of patron-client relations.76 Many state employees involved in the housing program have not occupied high-ranking positions in the administrative hierarchy. Some of them have been the heads of subdivisions within a department of housing. Using their position, public employees were able to change the order on the applicants' lists and thus favor some people over others. Due to their status, state employees were also in a position to include people that were not eligible for participation in the program.77 The example of S. Tashenov, a former chair of the commission on distribution of housing in Kokshetau, is illustrative. As in the case of N. Babazhanov in Tajikistan mentioned earlier, S. Tashenov redistributed 22 apartments to his friends and acquaintances without the agreement of other members of the Commission.

75 Roger Gould and Roberto M. Fernandez, "Structures of Mediation: A Formal Approach to Brokerage in Transaction Networks," *Sociological Methodology*, 19 (1989): 89–126.

76 David Knoke, *Political Networks*: *The Structure of Perspective* (New York: Cambridge University Press, 1990).

77 Interview with program participant, August 22, 2011.

The importance of informal networks in gaining access to state resources is evident from the following passage:

> It means that they [those who obtained housing through the state pro- gram] found acquaintances and acted with their help. It cannot be that way when a young family could acquire an apartment during a very short period of time. Without intermediates and acquaintances it is impossible to obtain [housing]. It is clear as a day. And everyone knows that. Impossible! A person from the *akimat* or somewhere else is necessary.78

The patterns of informal links between state employees and citizens in Kazakhstan as elsewhere can be both direct and indirect. During the implementation of the state housing program, people did not approach state employees who redistributed apartments directly. Rather, they sought to find individuals who were members of the state employee's inner circle.79 The inner circle can consists of relatives, friends, and close acquaintances of a state employee who have long-term relationships based and developed on trust and loyalty and/orkinship ties.

Approaching state employees was not easy for individuals who sought to obtain an apartment through "shortcuts" rather than through formal procedures. Usually they needed to find someone who knew a state employee personally. "It is not simple. You cannot give money just to anyone; you need to know someone who can help you," said Roza, a program participant from Astana.80 According to Saule, who works in a local government, housing as well as other state benefits are received by those who have connections with state employees, including high-ranking government officials.81

People sought to find ways to approach state employees who distributed apartments in exchange for payments. In fact, in post-Soviet Kazakhstan we observe the shift from non-monetary exchanges toward monetary relations. The informal payment for the placement on the applicants' list and receiving an apartment varied across different regions. The amount was much higher in Almaty and Astana than in Petropavlovsk. In Almaty, if a person was not eligible to participate in the program, she or he had to pay from $7,000 to $20,000 in order to be put on the waiting list. Those who were already on the waiting list and wanted to move higher had to pay

78 *Zhilishchnaya Problema v Otsenkah Naselenia*.

79 Auyero, "The Logic of Clientelism in Argentina," 63.

80 Interview with program participant, October 17, 2011.

81 Interview with program participant, September 14, 2011.

from $5,000 to $12,000.82 The price also varied by city neighborhood. For instance, to receive an apartment in the more prestigious districts of Almaty, people could pay from $5,000 to $7,000.83 During my interviews, some people stated that they had heard about bribes and even have had acquaintances and friends who had done that. Some 44.9% of respondents preferred not to answer the question, "Do you know anybody who gave gifts or did any other kind of favors to those who were involved in housing allocation in order to receive an apartment?" If they did respond, 7.7% answered positively and 37.2% said "No." A high percentage of abstentions might implicitly indicate that people avoid talking about this issue.

Hence, people continue to use informal channels to gain access to scarce commodities such as housing. Although the government formalized the process of housing allocation through the state program, people still use networks in order to expedite the process. Having a relative or a friend working in the local government might help and even simplify that process. Evidence suggests that informal payments became more widespread in the post-independence period. Indeed, monetization of relations due to market reforms is one of the features of post-independence Kazakhstan. However, nonmonetary relations—informal exchanges based on kinship or friendship—continue to play an important role in the everyday life of citizens.

Conclusion

The article has highlighted some important factors that contribute to the continuity of informal exchanges in post-Soviet Kazakhstan. It claims that the market reforms, introduced after the collapse of the command economy, have not destroyed informal exchanges in the country. Deep social expenditure cuts, low state capacity to provide goods and services, and growing social inequality between the rich and the poor make people resort to informal connections that serve as access networks and mediating channels to scarce resources.

Market reforms have failed to eliminate completely the shortage of life- cycle goods such as housing that have remained scarce commodities in post-independence Kazakhstan. Social inequality between the rich and the poor,

82 The range of payments is very wide. I put the minimum and maximum numbers that different people mentioned during my interviews with them.

83 Interview with program participant, October 17, 2011.

high market prices on real estate, and the withdrawal of the state from the provision of public accommodation have markedly limited citizens' chances to obtain their own housing. The state housing program launched in 2005 was a good opportunity for low- and medium-income citizens to receive cheap accommodations. However, the demand for subsidized housing has markedly exceeded its supply, leading to manipulation and corruption among citizens and bureaucrats.

One of the important distinctions between the Soviet and post-Soviet housing policies is the process of housing distribution. Whereas in the Soviet era all people had the right to free accommodation, as enshrined in the Constitution of the USSR, there is no free housing provided by the state in Kazakhstan. Under the state housing program, people still have to buy an apartment, albeit at a lower price. In addition, the number of people who can apply and obtain state housing is much limited. Hence, low access to state resources makes informal exchanges an effective tool to gain access to scarce and valuable commodities and help provide people's basic needs.

The differences in the provision of housing have also changed the way people seek access to state accommodation. In the Soviet era, informal relations were mostly based on nonmonetary exchanges, while monetary relations were relatively scarce. In the post-Soviet period, however, people are actively involved in informal monetary exchanges. Indeed, Soviet citizens preferred to change the order on the waiting list in exchange for other goods or services in shortage; today, many people prefer to pay bribes.

Since the government is the main provider of subsidized housing, people are dependent on state employees who may use their positions to redistribute state resources to citizens to their own advantage. Although access to housing is not determined solely by connections as it was in the Soviet era, informal networks with state employees can significantly alleviate access to housing and help avoid paying bribes. Given the high level of informal reciprocity, it is highly probable that informal exchanges will continue to shape people's every- day interactions and impact various political and economic outcomes in Kazakhstan.