Informal Economies in the Post-Soviet Space: Post-Soviet Islam and Its Role in Ordering Entrepreneurship in Central Asia

Accepted version of an article published in *Central Asian Affairs*:
Turaeva, Rano. " Informal Economies in the Post-Soviet Space: Post-Soviet Islam and Its Role in Ordering Entrepreneurship in Central Asia", *Central Asian Affairs* 5, 1 (2018): 57-75.

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Abstract

The paper sheds light on informal economies, focusing on transnational entrepreneurs between Central Asia and Russia. Both male and female entrepreneurs from Central Asia live mobile economic lives, traveling between Central Asia and Russia and forming a kind of class. With Islam playing a prominent role in the regulation of informal economies, Islamic belonging has become a stronger marker of identity than ethnicity among Central Asian migrants in Russia, and mosque communities have grown in influence. Mosques have become places to meet and socialize, where contacts are established and maintained.

Keywords

informal economy – entrepreneurship – Central Asia – Russia – mosque communities – alternative orders

Introduction

Twenty-five years after independence, Central Asia is still undergoing economic and political crises resulting from external global forces as well as internal challenges. With non-performing states, non-functioning economies, and low state salaries, all levels of society, economy, and politics have been increasingly informalized. This vacuum within the state legal system has been filled by other forms of regulation, such as religion and traditional forms of obligation, duties, and local arbitration. Economic hardships have provided incentives for

doi 10.1163/22142290-00501004

creativity and innovation among entrepreneurs, and informal economies, described in terms of survival strategies such as *tirikchilik* ("muddling through"), have flourished.[1]

When I inquired about these activities to four groups of female Turkmen entrepreneurs conducting economic activities (mainly trade) between Tashauz, in Uzbekistan, and Dubai, they used phrases such as "*pul tapish"* ("find money" or "earning") and "*qiyin bolip qaldi hamma sarson sargardon yolda hatinlaram erkaklaram, arkakla orisda hatinla Dubaida"* (It became difficult to earn money, so everyone became mobile and went on the road [said in a negative tone]; men went to Russia and women to Dubai).[2]

Since the fall of the Soviet Union, entrepreneurs have created a kind of social formation comparable to an economic class. Informal economies are particularly well-suited to the creation of such a class, as will be discussed in detail below.[3]

Islamic rules and other moral commitments and obligations filled the vacuum created by the dearth of functioning state regulations across Central Asia and Russia. Religious, ethnic, and kinship systems offered the social and eco- nomic security that national welfare systems failed to provide after the col- lapse of the Soviet welfare system. In the context of withering states, elders, religious leaders, and other respected figures became the governing body on the ground.

For migrant workers in Russia or anywhere far from home, Islamic belonging became a stronger marker of identity than ethnicity, leading to the growth in influence of mosque communities. Mosques became places to socialize and meet, where contacts are established and maintained. Entrepreneurs visit mosques to make connections, arrange deals, and seek justice and punishment for freeriders or debtors. As one of my respondents said, "*Vse sdelki osushes- vtlyayutsya v mecheti a gde eshcho, v mecheti kogda dvoe zaklyuchayut sdelky mezhdu nimi stoit bog i bog sudjya*" (All deals are made in the mosques; where else [should someone do this]. In the mosque God stands between the two

1 R. Turaeva, "Post-Soviet Uncertainties: Micro-Orders of Central Asian Migrants in Russia," *Inner Asia*, 15 (2013): 273–92; R. Turaeva, "Mobile Entrepreneurs in Post-Soviet Central Asia: Micro-Orders of *Tirikchilik," Communist and Post-Communist Studies,* 47, no. 1 (2014): 105–14.

2 Author's interviews with a group of women entrepreneurs from Tashauz, Turkmenistan, con- ducted in Urgench, Uzbekistan in 2008 and 2012.

3 K. Meagher, "Trading on Faith: Religious Movements and Informal Economic Governance in Nigeria," *Journal of Modern African Studies*, 47, no. 3 (2009): 397–423.

who are making a deal, and God is the only judge for them).4 Mosques back in Central Asia have not taken on the important role of regulating informal activities, since other safety-net structures, such as family and kinship networks, perform this function.5

In the context of failed states, flourishing informal economies, uncertainty, increased mobility, and globalization, people became increasingly innovative. A growing number of mobile entrepreneurs have found their niches within and outside of these processes and structures. Since mobility does not recognize rigid state legal systems and boundaries, mobile entrepreneurs have found alternative ways to regulate and administer their economic activities. Today, mobile entrepreneurs are the largest category of people who have formed a distinct new economic class.

The article is structured as follows. First, I trace the formation of informal economies, including the emergence of entrepreneurs in the early Soviet period and the establishment of an entrepreneurial class today. Next, I introduce the post-Soviet informal economy, followed by sections on entrepreneurship and the role of Islam in regulating informal economies and entrepreneurial activities. Finally, I briefly describe Islam and the religious situation in Uzbekistan to provide some examples of the domestic context of entrepreneurs.

The data for this article is derived from longitudinal research on migrants and social networks in Uzbekistan in 2005–2006, shorter research stays in 2010–2011, and brief visits (less than six weeks) in the years 2008, 2012, 2013, 2014, and 2015 in Uzbekistan, Kazakhstan, Tajikistan, and Kyrgyzstan. The respondents from Turkmenistan were visiting Uzbekistan when they were interviewed. Similarly, those entrepreneurs who work both in Russia and in Kazakhstan were interviewed in Uzbekistan during the above-mentioned times. The data presented in this article is not systematic. The argument of this article, therefore, is based on my native knowledge of the region in addition to data collected on other topics—such as migration, identity, and inter-ethnic relations—and research done on *propiska* (registry) offices in Central Asia and Russia conducted in 2010 and 2011.6 The main aim of this article is to advance

4 The respondent is a Moscow-based religious and political leader among Central Asian migrants and widely connected both in Russia and Central Asia. Informal conversations with the author since 2014, both face-to-face and, more recently, via Viber mobile application.

5 Author's interviews with migrants and their families in Uzbekistan, Tajikistan, and Turkmenistan. Interviews and informal conversations were conducted in 2012, 2013, 2014, and 2015 in Uzbekistan; in 2015 in Tajikistan; and in 2012 in Uzbekistan with 8 Turkmen families from Tashauz. Follow-up conversations were conducted via Line and Telegram mobile messengers in 2014 and 2015.

6 R. Turaeva, *Migration and Identity: The Uzbek Experience* (New York: Routledge, 2016).

some of my initial hypotheses in the field of alternative regulation of informal economies in the post-Soviet space, which thus far has not received enough attention.7

Informal Soviet Economies: Early Entrepreneurs

Worldwide, informalization processes have become increasingly strong and widespread. Today, we speak of informal economies and/or practices not only in third-world countries or the Global South but also in the North.8 There is, by now, a large body of literature on informal economies, schematically divided into two camps: positive views with optimistic accounts and negative views with pessimistic accounts.9 The literature on the informal economy is mainly based on examples from Africa, Latin America, and Europe. However, there are also some works that focus on the post-Soviet space.10

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7 J. Morris and A. Polese, *The Informal Post-Socialist Economy: Embedded Practices and Livelihoods* (New York: Routledge, 2014); A. Polese, J. Morris, and B. Kovács, "Introduction: The Failure and Future of the Welfare State in Post-Socialism," *Journal of Eurasian Studies*, 6, no. 1 (2015): 1–5.

8 D. Cassel and U. Cichy "Explaining the Growing Shadow Economy in East and West: A Comparative System Approach," *Comparative Economic Studies*, 28 (1986): 20–41; V. Tanzi, "Underground Economy and Tax Evasion in the United States: Estimates and Implication," *Banca Nazionale del Lavoro Quarterly Review*, 32 (1980): 427–53; J. Roitman, *Fiscal Disobedience: Anthropology of Economic Regulation in Central Africa* (Princeton, NJ: Princeton University Press, 2005); K. Meagher, "Culture Agency and Power: Theoretical Reflections on Informal Economic Networks and Political Process DIIS," Danish Institute for International Studies, Working Paper no. 2009–27, Copenhagen, Denmark (2009); K. Meagher, "The Politics of Vulnerability: Exit, Voice, and Capture in Three Nigerian Informal Manufacturing Clusters," in L. Ilda (ed.), *Africa's Informal Workers: Collective Agency, Alliances, and Transnational Organizing* (London: Zed Books, 2010), 46–64.

9 Cassel and Cichy, "Explaining the Growing Shadow Economy"; Tanzi, "Underground Economy and Tax Evasion in the United States"; E.V. Tokman, *Beyond Regulation: The Informal Sector in Latin America* (Boulder, co: Lynne Rienner, 1992); Roitman, *Fiscal Disobedience*; Meagher, "The Politics of Vulnerability"; J. MacGaffey and R. Bazenguissa-Ganga, *Congo-Paris: Transnational Traders on the Margins of the Law Transnational Traders on the Margins of the Law* (Bloomington, in: Indiana University Press, 2000); C. Muldrew, *The Economy of Obligation* (London: Macmillan, 1998).

10 A.V. Ledeneva, *Russia's Economy of Favours: Blat, Networking, and Informal Exchange* (New York: Cambridge University Press, 1998); A.V. Ledeneva, *How Russia Really Works: Informal Practices in the 1990s* (Ithaca, NY: Cornell University Press, 2006); A.V. Ledeneva, *Can Russia Modernize? Sistema, Power Networks and Informal Governance* (Cambridge: Cambridge University Press, 2013); M. Markova, "Living Through the Fall of Communism:

Literature on the informal economy during the Soviet era is scant, but some studies have shown that informal economies functioned in grey zone between legal and illegal, in parallel with the central state-planned economy.[11] Some of this literature focuses on shuttle traders (*chelnoki/chelnochkovyi biznes*) in the late Soviet era.[12] Cieślewska, for instance, describes female shuttle traders who were *chelnoki* during the Soviet period in Kyrgyzstan and now trade in the Dordoy bazaar.[13] Her informants[14] relate how they started their economic activities during the Soviet era, stories that resemble those I was told in Uzbekistan or in Turkmenistan. I myself knew female *chelnoki* from

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Life Narratives of the Last Soviet Generation" (PhD diss., University of Washington, 2010); Morris and Polese, *The Informal Post-Socialist Economy*; Polese, Morris, and Kovács, "Introduction"; J. Round, C.C. Williams, and P. Rodgers, "Everyday Tactics and Spaces of Power: The Role of Informal Economies in Post-Soviet Ukraine," *Social & Cultural Geography*, 9, no. 2 (2008): 171–85; G. Mars and Y. Altman, "The Cultural Bases of Soviet Georgia's Second Economy," *Europe-Asia Studies*, 35, no. 4 (1983): 546–60; J.S. Berliner, "The Informal Organization of the Soviet Firm," *Quarterly Journal of Economics*, 66, no. 3 (1952): 342–65; G. Grossman, "The 'Second Economy' of the USSR," *Problems of Communism*, 26, no. 5 (1977): 25–40; V.G. Treml and M.V. Alexeev, "The Growth of the Second Economy in the Soviet Union and its Impact on the System," in R.W. Campbell (ed.), *The Postcommunist Economic Transformation* (Boulder, co: Westview, 1994), 221–48; C. Humphrey (ed.), *Marx Went Away but Karl Stayed Behind* (Ann Arbor, mi: Michigan University Press, 1998); S. Kotkin, *Magnetic Mountain: Stalinism as a Civilization* (Berkeley, ca: University of California Press, 1995); M. Kaiser, "Die Soziologie in der Republik Usbekistan," Bielefeld University Working Paper no. 265 (1997).

11 A. Portes and J. Böröcz, "The Informal Sector under Capitalism and State Socialism: A Preliminary Comparison," *Social Justice*, 15, no. 3–4 (Fall/Winter 1988): 17–28; Morris and Polese, *The Informal Post-Socialist Economy*; Polese, Morris, and Kovács, "Introduction"; Round, Williams, and Rodgers, "Everyday Tactics and Spaces of Power"; Mars and Altman, "The Cultural Bases of Soviet Georgia's Second Economy"; Berliner, "The Informal Organization of the Soviet Firm"; Markova, "Living Through the Fall of Communism."

12 I. Mukhina, "New Losses, New Opportunities: (Soviet) Women in the Shuttle Trade, 1987–1998," *Journal of Social History*, 43, no. 2 (2009): 341–59; C. Humphrey, "Traders, 'Disorder,' and Citizenship Regimes in Provincial Russia," in M. Burawoy and K. Verdery (eds.), *Uncertain Transition: Ethnographies of Change in the Postsocialist World* (Lanham, md: Rowman and Littlefield, 1999): 19–52; N. Pohorila and G. Korzhov, "Self-Identification in the Society of Crisis: A Case of Cross-Border Traders," *Naykovi zapiski Kievo-Mogilians'koi akademii*, 19 (2001): 58–64; Markova, "Living Through the Fall of Communism"; A. Cieślewska, "From Shuttle Trader to Businesswomen," in J. Morris and A. Polese (eds.), *The Informal Post-Socialist Economy: Embedded Practices and Livelihoods* (New York: Routledge, 2014), 50–121.

13 Cieślewska, "From Shuttle Trader to Businesswomen," 213.

14 Cieślewska, "From Shuttle Trader to Businesswomen."

Khorezm in Uzbekistan who, in the late 1980s, were schoolteachers by day and evenings selling products imported from China and Italy.

During the Soviet era, small-scale traders found their niche within the centralized Soviet supply system. Specifically, they found their place *pod prilavkom*, which translates as "under the table." This term was applied to the situation where products that were not usually available in normal shops were sold door-to-door. Entrepreneurship and informal trade were illegal in the Soviet Union, and therefore the products acquired *pod prilavkom* were sold secretly. Cieślewska's respondents from Kyrgyzstan, who were also involved in this trade, remembered this profession under the term *fartsovshchik* (shuttle trader).15 My mother was a frequent client of three female *chelnoki* who pro- cured clothing, shoes, and cosmetics. The prices were, of course, higher than normal prices at that time but could be paid in small installments.

These *chelnoki* sold quality products supplied under *Moskovskoe obespechenie* ("Moscow provision"), a term that refers to special products supplied exclusively to specially designated cities (mainly strategically important places and enterprises across the Soviet Union).16 Traders who had access to such special products could resell these items to well-off people who could afford better quality items such as shampoos, shoes, clothing, and so on. My parents used to buy those products; I remember, for example, L'Oréal shampoos, knitted wear and jeans from India, Italian shoes, and some clothing from China. These items were labeled *importnyi*—imported.

In addition to *chelnoki,* small-scale traders were also often called *spekulyant* (speculators), which had a negative connotation.17 In the late Soviet period, during *perestroika*, it became very popular for Soviet citizens to go, for instance, to Poland and return home with items to sell. With this practice, the word or label *spekuliant* transformed into the more respectable *biznesmen*. The former designation *spekuliant* was more often applied to women, while *biznesmen* typically referred to men. Eventually, in the post-Soviet era, *bizne men* began to be applied to both men and women.

15 Cieślewska, "From Shuttle Trader to Businesswomen," 213; Humphrey, "Traders, 'Disorder,' and Citizenship Regimes in Provincial Russia."

16 T. Mostowlansky, "The Road Not Taken: Enabling and Limiting Mobility in the Eastern Pamirs," *Internationales Asien Forum*, 45, no. 1–2 (April 2014): 153–70.

17 See the following authors writing on these terms to compare the same categories throughout the Soviet Union: Mukhina, "New Losses, New Opportunities"; Humphrey, "Traders, 'Disorder,' and Citizenship Regimes in Provincial Russia"; Pohorila and Korzhov, "Self-Identification in the Society of Crisis"; Markova, "Living Through the Fall of Communism"; Cieślewska, "From Shuttle Trader to Businesswomen."

Since the collapse of the USSR, informal economic activities have increased dramatically, and employment patterns have drastically changed.18 The informal economy has become more and more relevant, to the point that it is now the only way for many Central Asian citizens to secure sufficient income. There is no longer an economic or social incentive to remain in state-provided jobs. As many of my respondents said, "Everybody went into the street—doctors and teachers… Everybody is a taxi driver now." That is, even doctors and teachers have abandoned their professions to do something more lucrative.19

There are different categories of state and non-state employment that offer varying incentives to job seekers in their employment choices. These employment patterns resemble those in other low-income countries, such as those in Latin America or the Horn of Africa.20

There are three categories of occupations people usually separate out by their prestige and "real" income. The first category is comprised of positions such as police chief, customs officer, and so on. These positions are within the state system of employment, which does not pay well, but they potentially pro- vide a steady source of extra income from payments (basically bribes) made by clients of the relevant offices.

The second—and least desirable—occupational category is called simply *davlat ishinda* (state work). This category has low salaries and little opportunity for additional income. Even so, individuals try to retain state employment status as long as possible by keeping their name on the books as if they still work; the salary is collected by the person who maintains the employment registry. This strategy allows a "ghost employee" to demonstrate continuous employment in their work book21 and to maintain pension eligibility (although pensions are not higher than average salaries).

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18 J. Nazpary, *Post-Soviet Chaos: Violence and Dispossession in Kazakhstan* (London: Pluto Press, 2002).

19 The quotations stem not only from my original research in Uzbekistan (2005–2006, 2010–2011), but also from informal conversations throughout my other stays in the region with people of different backgrounds and genders.

20 T. Raeymaekers, K. Menkhaus, and K. Vlassenroot, "State and Non-State Regulation in African Protracted Crises: Governance without Government?" *Africa Focus*, 21, no. 2 (2008): 7–21; Karen T. Hansen and Mariken Vaa (eds.), *Reconsidering Informality: Perspectives from Urban Africa* (Uppsala: North Africa Institute, 2004); William F. Maloney, "Informality Revisited," *World Bank Economic Review,* 32, no. 7 (2004): 1159–178; Martha A. Chen, "Rethinking the Informal Economy: Linkages with the Formal Economy and the Formal Regulatory Environment," in Basudeb Guha-Khasnobis, Ravi Kanbur, and Elinor Ostrom (eds.), *Linking the Formal and Informal Economy: Concept and Measures* (Oxford: Oxford University Press, 2006), 75–92.

21 *Trudovoy* is the adapted local Uzbek version of *Trudovaia knizhka* (Russian: work book). The work book is a small, brochure-like document where citizens' work places are

The next category is *biznes*, which includes both formal and informal trade and which automatically means that it brings real money. I will focus on this category in a more detailed manner below. *Biznes* refers to an occupation consisting mainly of trade or other forms of self-employment that are known for bringing real money. This often refers to informal economic activities, where there may not be a clear divide between formal and informal business. This sphere of economic activities is locally categorized under the term *tirikchilik*, which I have described in a more detailed manner elsewhere.22

Soviet-style governance structures still shape local economies. There is a whole segment of literature on post-socialist informal economies that considers the peculiarities of the socialist past and how they affect current forms of economic activities.23 Yet none of the above-mentioned literature has systematically examined the basis of these "informal" economic activities, nor studied the principles used to regulate them. Informal economies involve such practices as oral agreements, enforcement of the rules by various means, reciprocity, exchange, religious beliefs and rules (for instance *islamskie normy*—Islamic norms) as well as the pressure of status maintenance. These have been studied in connection with other topics such as kinship and/or religion. Islamic norms are not static, but produced within disputes and debates over interpretations and understanding of textual rules and other spoken rules of being "good Muslims."24 I will come back to Islamic rules later in this article.

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registered. On each page of the employment record, there are two stamps for the records of acceptance to the job and another stamp is for the records on the release from the job with the clear indication of dates the person worked at this place and the reasons of his/ her release. This official document is necessary for claiming a state pension later. Experts advise to avoid having gaps in employment records.

22 Turaeva, "Post-Soviet Uncertainties"; Turaeva, "Mobile Entrepreneurs in Post-Soviet Central Asia."

23 S. Johnson, D. Kaufmann, and A. Schleifer, "The Unofficial Economy in Transition," *Brookings Institution Papers on Economic Activity* no. 2 (1997), 159–221; M. Kurkchiyan, "The Transformation of the Second Economy into the Informal Economy," in A. Ledeneva and M. Kurkchiyan (eds.), *Economic Crime in Russia* (London: Kluwer Law International, 2000); Ledeneva, *Russia's Economy of Favours*; Morris and Polese, *The Informal Post- Socialist Economy*; Polese, Morris, and Kovács, "Introduction"; Round, Williams, and Rodgers, "Everyday Tactics and Spaces of Power"; Mars and Altman, "The Cultural Bases of Soviet Georgia's Second Economy"; Berliner, "The Informal Organization of the Soviet Firm"; Grossman, "The 'Second Economy' of the USSR"; Treml and Alexeev, "The Growth of the Second Economy in the Soviet Union"; Humphrey, "Traders, 'Disorder,' and Citizen- ship Regimes in Provincial Russia"; Kotkin, *Magnetic Mountain.*

24 J. Rasanayagam, "Informal Economy, Informal State: The Case of Uzbekistan," *International Journal of Sociology and Social Policy,* 31, no. 11–12 (2011): 681–96.

Post-Soviet Entrepreneurs

I define jobs or activities that fall under the *biznes* category described earlier as "entrepreneurship." The term originates from the French word *entrepreneur*, which refers to someone who undertakes a business venture. The literature on entrepreneurship has grown since the term was first used by Cantillon in 1755.25 Yet intensive engagement with the term and its definition came much later. Writing in 1921, Knight drew attention to the negative aspects of this occupation, namely risk and uncertainty.26 The most influential contribution to the literature on entrepreneurship is that of Schumpeter, who highlighted the innovative characteristics of entrepreneurial activities that he called "creative destruction."27

Since then, the term—along with the literature on informal economies— has traveled beyond economics to the social sciences. Most of these studies examine the reasons behind the decision to become an entrepreneur: capital, educational background, age, and gender.28 However, decision-making theory concerning the choice to become an entrepreneur in Western economies does not adequately explain the decisions of individuals in developing economies. For instance, in the case of Central Asian entrepreneurs in Russia, individuals may choose to become entrepreneurs not because this offers better economic opportunities, but rather because it is often the only choice available amid eco- nomic and political crisis. To my knowledge, there has not been much research done on entrepreneurship in Central Asia or Russia, though some economists recently looked into the economic contribution of entrepreneurs and the positive development of labor markets.29

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25 R. Cantillon, *Essai sur la nature du commerce en general* (London: Macmillan, 1982 [1755]); R. Sobel, "Entrepreneurship," Concise Encyclopedia of Economics, http://www.econlib .org/library/Enc/Entrepreneurship.html (accessed October 11, 2016).

26 F. Knight, *Risk, Uncertainty, and Profit* (Mineola, NY: Dover, 2006 [1921]).

27 J. Schumpeter, *The Theory of Economic Development* (Cambridge, ma: Harvard University Press, 1934 [1912]).

28 J.C. McIntosh and S. Islam, "Beyond the Influence of Islam on Female Entrepreneurship in a Conservative Muslim Context," *International Management Review*, 6, no. 1 (2010): 102–11; C. Essers and Y. Benschop, "Muslim Businesswomen Doing Boundary Work: The Negotiation of Islam, Gender, and Ethnicity within Entrepreneurial Contexts," *Human Relations*, 62, no. 3 (2009): 403–23.

29 M.A. Carree and R. Thurik, "The Lag Structure of the Impact of Business Ownership on Economic Performance in OECD Countries," *Small Business Economics*, 30 (2008): 101–10; P.A. Geroski, "European Industrial Policy and Industrial Policy in Europe," *Oxford Review of Economic Policy*, 5, no. 2 (1989): 20–36.

Central Asian entrepreneurs are mobile and transnational in terms of their mode of operation and their networks. In the Central Asian context, the term refers to both traders (large- or small-scale) and individuals who earn their money thanks to their mobility, social capital, and access to information. The latter group includes organizers of work abroad, middlemen/brokers, service providers, matchmakers, information transmitters, permit or transportation providers, distributors, and firm representatives, among other occupations. These men and women have wide networks, good contacts, financial or social capital, good status within their kinship and neighborhood communities, good knowledge or economically relevant information, innovative skills, and charisma. Entrepreneurs use both official and alternative legal systems and straddle the boundary between the formal and informal economies.

Today, mobile entrepreneurs cross national boundaries to profit from the differences between countries. Their economic projects vary in content and in size. One example is foremen who administer one or several construction teams (two or more construction workers) that recruit at home (Uzbekistan, Tajikistan, or Kyrgyzstan) and work in Kazakhstan or Russia, the most popular destinations for construction projects. Another example is medical specialists who travel from Central Asia to Yemen to work and at the same time secure work for others and provide support for them in Yemen.30 Some entrepreneurs arrange for Central Asian or even Russian clients to receive medical treatment in Europe; another popular option is going to India for heart surgery. These are just a few of the many activities that connect different countries and require working with different currencies and using different channels, both formal and informal.

When one becomes familiar with the variety of cross-border economic activities, it is amazing to see how these activities are managed, regulated, administered, and maintained through a combination of formal and informal means. Entrepreneurs are flexible, quick to change or reorient their activities from one country to another or from one sphere to another in view of context, time, situation, and contacts. The cash flow of their activities varies from very

30 The medical connection seems to be widespread, particularly in Uzbekistan; female medical doctors and nurses are required to treat female patients in Yemen. My respondents (two female doctors) did not know the language, and their work had been organized informally; they therefore risked exploitation. Both doctors claimed that knowledge of Russian was enough and that they had a translator. Their employment was administered by local entrepreneurs who had wide networks through local state agencies whose connections have been used for these informal employment arrangements.

small to very large amounts of goods and cash (from a few hundred to a few thousand u.s. dollars each month).

Given the lack of legal mechanisms (such as contracts and other systems) to sanction violators, there are other means of regulating and administering the economic activities of mobile entrepreneurs, such as obligations and expectation of moral conduct shared within trust networks.31 These include—but are not limited to—personal loyalty, religious belief, collective identification, kin- ship obligations, and other duties and responsibilities perceived and followed by mobile entrepreneurs.

Islam and Entrepreneurship: An Alternative Economic Order

In most countries, the economic activities of mobile entrepreneurs are not formally regulated. Instead, entrepreneurs have their own systems of governing their economic and social lives, as well as methods and principles of regulating them. Religion plays a crucial role in how economic flows, human relations, and social security are structured and regulated. Mobile entrepreneurs use various sources of authority to regulate their informal economic lives and maintain their trust networks.32 These include both Islamic and non-Islamic beliefs and rules, culture-laden moral codes, and other kinship and social rules. For instance, fear of dying in debt is often considered an effective motive to ensure that agreements are not violated.

Debt is a major topic in Central Asia, whether it is the result of economic activity or a byproduct of necessity. This topic was often brought up in the conversations I had with entrepreneurs of different regional and educational backgrounds, and embedded in the belief that "God stops looking after people who make debts." This is an important informal mechanism against swindling and fraud. Sometimes my interlocutors would ask whether this is really written in the Qur'an or not, as citing God is a very popular way of moralizing and disciplining. Whenever an individual started asking such questions, people would offer examples from real life, which are more convincing than a religious text. One often hears, "You see, the son of so and so had so many debts and died

31 Turaeva, "Post-Soviet Uncertainties"; Turaeva, "Mobile Entrepreneurs in Post-Soviet Central Asia."

32 C. Tilly, "Trust and Rule," *Theory and Society*, 33, no. 1 (2004): 1–30; C. Tilly (ed.), *Trust and Rule* (New York: Cambridge University Press, 2005); Turaeva, "Mobile Entrepreneurs in Post-Soviet Central Asia."

young, now this burden is on his sons, and you see how this family is left by God."33 These life stories are very effective in enforcing discipline, and these beliefs become strong enough to become unquestionable divine rule for everybody, rich and poor alike. As many say, "*baymi kambagalmi hamma hudoni oldinda bir*" (whether rich or poor, everyone is equal before God).

These moral norms are not specific to the region. Meagher writes about "new forms of economic order in the context of state decline" and offers examples from different countries, including Somalia and the Islamic Hawala networks in Dubai. Meagher notes:

> Studies of Islamic as well as Christian religious networks highlight their role in introducing strict moral norms, a range of efficient commercial institutions, and a tendency to operate across communal and class boundaries, contributing to processes of accumulation and social cohesion in a context of intense hardship and social disruption.34

Muslims living in a non-Muslim context, particularly an environment as hos- tile as Russia is to Central Asians, tend to gravitate toward mosque communities more frequently than if they were at home. Indeed, Central Asian migrants in Russia who are not integrated within ethnic communities tend to be tightly affiliated with mosque communities and religious networks. Mosques serve as a safe (i.e. protected from police raids) place not only to pray, but also to meet, socialize, share, and seek refuge from cramped living quarters (often a one-room apartment shared by 10–15 people) or the unfriendly and violent outside world (Russian xenophobic movements attacking migrants, etc.). Imams are religious authorities who offer justice, peace, and a moral framework. The moral framework offered by mosque communities is crucial for any entrepreneurial activity where an imam can adjudicate conflicts. It often also offers financial services and transnational capital mobility. These mosque-based net- works are considered safe, as they are backed by religion and morals, and are trusted routes for transferring remittances and other investments.35

33 This belief is common in Uzbekistan and Turkmenistan. The other formulations used by my respondents were similar and brought up in the context of discussing debt. The questions on debt emerged from questions relating to economic activities and their administration both at home and abroad. The informants included participants in my field re- search in 2005–2006, in Uzbekistan in 2012, Turkmen female traders, and Moscow-based entrepreneurs in 2014 and 2015.

34 Meagher, "The Politics of Vulnerability," 400 and 402.

35 F. Vogel and S.L. Hayes (eds.), *Islamic Law and Finance: Religion, Risk, and Return* (London: Kluwer Law International, 1998); O. Khlevnyuk and R.W. Davies, "The End of Rationing in

Meagher highlighted the significance "of new religious movements in class formation."36 Based on examples from Nigeria, Meagher stated that the majority of the working population was employed within the informal economy, where entrepreneurs had been making significant contributions to developing new markets and forming a new class.

Similar communities are found in non-Muslim countries with large numbers of Muslim migrants, whether they are living temporarily or permanently in these countries. There is a longstanding debate about the role of religion in establishing moral standards and ordering human lives. It traces these processes from medieval times to the current period.37

The literature on Islam and entrepreneurship has been approached so far from various angles that shed light on different aspects of the link between economics and religion. There have been negative views on the role of religion and the informalization of economies, some of which focused on witch- craft. Meagher stated that the pessimistic views stressed the "anti-Weberian ethic" of superstition and other backward traits hindering neo-liberal market development and showed that, in fact, religious movements follow a very rational Weberian logic and have contributed to the development of new markets.38

Kuran (2008) traces the links between Islam and entrepreneurship to the advent of Islam in the seventh century, when Islam was spread widely thanks to the mercantilist skills of the early practitioners.39 He also discusses the

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the Soviet Union, 1934–1935," *Europe-Asia Studies*, 51, no. 4 (1999): 557–609; R.W. Davies, M. Harrison, and S.G. Wheatcroft (eds.), *The Economic Transformation of the Soviet Union, 1913–1945* (New York: Cambridge University Press, 1994); T. Inglis, "Catholic Identity in Contemporary Ireland: Belief and Belonging to Tradition," *Journal of Contemporary Religion*, 22, no. 2 (2007): 205–20; T.W. Laqueur, *Religion and Respectability: Sunday School and Working Class Culture, 1780–1850* (New Haven, ct: Yale University Press, 1976); M. Weber (ed.), *The Protestant Ethic and the Spirit of Capitalism* (New York, Allen and Unwin, 1930).

36 Meagher, "The Politics of Vulnerability," 398.

37 Meagher, "The Politics of Vulnerability"; Oleg Khlevnyuk and R.W. Davies, "The End of Rationing in the Soviet Union, 1934–1935," *Europe-Asia Studies*, 51, no. 4 (1999): 557–609; R.W. Davies, Mark Harrison, and S.G. Wheatcroft (eds.), *The Economic Transformation of the Soviet Union, 1913–1945* (New York: Cambridge University Press, 1994); Inglis "Catholic Identity in Contemporary Ireland"; Laqueur, *Religion and Respectability*; Weber *The Protestant Ethic and the Spirit of Capitalism*.

38 Meagher, "The Politics of Vulnerability," 401.

39 Timur Kuran, "The Scale of Entrepreneurship in Middle Eastern History: Inhibitive Roles of Islamic Institutions," Durham, NC, Economic Research Initiatives at Duke (ERID), Working Paper No. 10, 2008.

Waqf system of welfare regimes that delivered financial services for local entrepreneurs.40

Another group includes research on Islamic or religious influence in entrepreneurial activities in general, which also takes a rational choice approach to analysis. Some authors even speak of the "Islamization of capitalism" in the Islamic countries, where Islam, economics, and entrepreneurship are closely interrelated.41

There is also a critical debate over whether religion influences one's rationality, particularly focusing on governance preferences in Muslim countries and whether liberal democratic values do or do not contradict religious norms.42

Another body of literature on the Islamic countries and economic transactions under Islamic law deals mainly with banking systems and other Islamic business regulations.43

Recently, some research has focused on female entrepreneurship, both in the context of migration to the West and within developing economies. Essers and Benschop discuss Moroccan women entrepreneurs in the Netherlands, examining their religious and ethnic identities in relation to their occupation and gender.44 Wetter and Smallbone study female entrepreneurship in Uzbekistan from an economic point of view, applying quantitative methods that lack

40 Habibollah Salarzehi, Hamed Armesh, and Davoud Nikbin, "Waqf as a Social Entrepreneurship Model in Islam," *International Journal of Business and Management,* 5, no. 7 (2010): 179–85; S.M. Anjavi nejad and M. Emami, "Changes in Legislation and Principles of Waqf to the New Creation," *Modares Human Sciences*, 8, no. 3 (2004).

41 E.B. Adaş, "The Making of Entrepreneurial Islam and Islamic Spirit of Capitalism," *Journal for Cultural Research*, 10, no. 2 (2006): 113; R.I. Bekkin, "Islamskoe ili musul'manskoe pravo? (K voprosu o pravovykh aspektakh islamskikh finansov)," *Problemy sovremennoi ekonomiki*, 4, no. 48 (2013): 429–30, https://cyberleninka.ru/article/n/ islamskoe-ili-musulmanskoe-pravo-k-voprosu-o-pravovyh-aspektah-islamskih-finansov.

42 Joseph F. Fletcher and Boris Sergeyev, "Islam and Intolerance in Central Asia: The Case of Kyrgyzstan," *Europe-Asia Studies*, 54, no. 2 (2002): 251–75; Fiona B. Adamson, "Global Liberalism versus Political Islam: Competing Ideological Frameworks in International Politics," *International Studies Review,* 7 (2005): 547–69; Kathleen Collins and Erica Owen, "Islamic Religiosity and Regime Preferences: Explaining Support for Democracy and Political Islam in Central Asia and the Caucasus," *Political Research Quarterly*, 65, no. 3 (2012): 499–515.

43 Beng Soon Chong and Ming-Hua Liu, "Islamic Banking: Interest-free or Interest-based?" *Pacific-Basin Finance Journal*, 17, no. 1 (2009): 125–44; Vogel and Hayes, *Islamic Law and Finance*; Philip Gerrard and J. Barton Cunningham, "Islamic Banking: A Study in Singapore," *International Journal of Bank Marketing*, 15, no. 6 (1997): 204–16.

44 Essers and Benschop, "Muslim Businesswomen Doing Boundary Work."

the depth offered by qualitative studies.45 Studies of female entrepreneurship in Central Asia still find themselves in an embryonic stage that lacks basic systematic empirical research.

Alternative Economic Orders in the Post-Soviet Space: Trust and Gender

If a Central Asian entrepreneur operates within post-Soviet countries (not in Dubai or Turkey), then his/her main complaints concern the obstacles to obtaining local registration and work permits. Local registration (*propiska*) is often informally administered by third parties outside the state registration system. In Russia, getting a real *propiska* costs far more money and causes more headaches (*kalla agriq*) than obtaining a counterfeit *propiska*, according to my informants: "One saves time and money; of course, one should be careful with the police checks."46 The same is true for the newly introduced patents (essentially work permits), part of recent efforts to legalize illegal migrants, which require an incredible amount of documents. The Moscow patents office operates around the clock, running special buses to the office for applicants and even providing preparation services on the buses. Some of the entrepreneurs whom I interviewed and have followed since 2005 file multiple applications for the members of their teams at once in order to avoid this whole machinery ofdocument production.47

Work permits are obtained in a variety of ways. For example, construction crews destined for Russia or Kazakhstan are typically hired in their home villages within kinship and friendship networks. Potential workers are recommended to foremen, who personally interview candidates, discuss expectations and payments for services, and arrange for travel, housing and more in the host country.

Trust and religion play crucial roles in the verbal agreements that replace formal contracts. Informal agreements are theoretically enforced by means of kinship or friendship obligations based on trust or mutual dependencies of

45 Frederike Wetter and David Smallbone, "Women's Entrepreneurship from an Institutional Perspective: The Case of Uzbekistan," *International Entrepreneurship Management Journal*, 4 (2008): 505–20.

46 Informal conversation, Tashkent, 2006.

47 For more on the production of identity cards and other documents for migrants in Russia, see M. Reeves, "Clean Fake: Authenticating Documents and Persons in Migrant Moscow," *American Ethnologist*, 40, no. 3 (2013): 508–24.

various kinds.48 There are also informal regulatory principles based on men's pride. In the agreements, one can often hear promises such as "I give my word as a man" or "If I do this [break the terms], then I am not a man," statements that often carry important meaning among Muslim men. Women entrepreneurs do not make the same promises, and women say they are more successful than men precisely because they are less trusting than men.

On the question of how informal regulation, punishment, and other agreements work, women stated that they do all the business themselves without trusting anyone; in other words, women engage in forms of business that do not involve as much administration and management. They often say, "Let the men do the dirty work" (*qara ishni erkakla atsin*).49 I cannot say much more about female entrepreneurship due to the lack of systematic data on the topic.50

As we see, the rules governing the economic and social activities of mobile entrepreneurs are *ad hoc* and flexible. They can be re-negotiated on the spot and are subject to changing circumstances. These and other strategies are, of course, not as simple as I describe. There are many aspects to consider during the negotiating process, namely institutionalization of new rules and relations, status maintenance, and formation of trust networks. These include: historical institutional development and the history of state formation in the region; current economic and political developments; and other aspects of daily life. These, coupled with the currents of globalization processes shared via communication technologies, as well as other traditional means of channeling in- formation and knowledge, establish frames for ordering or re-ordering what I call the *micro-orders* in which transnational economic entrepreneurs operate and live.51 The establishment of new institutions and new rules has implications for novel economic developments in the post-Soviet period.

Djelic and Sahlin-Andersen, writing about regulation and re-ordering of transnational space, suggested looking at regulating processes and governance

48 For more details on the kinds of dependencies among migrants in Tashkent, see Turaeva, *Migration and Identity*.

49 Women traders from Tashauz, Turkmenistan who trade between Dubai and Turkmenistan.

50 There is not much work done on women's entrepreneurship in Central Asia and beyond, although this economic field is increasingly feminized. For a study of female entrepreneurship and the role of religion and ethnicity among Moroccan and Turkish entrepreneurs in the Netherlands, see Essers and Benschop, "Muslim Businesswomen Doing Boundary Work." On women entrepreneurs in Uzbekistan, see Wetter and Smallbone, "Women's Entrepreneurship from an Institutional Perspective."

51 Turaeva, "Post-Soviet Uncertainties."

with a new perspective that goes beyond state-centric understandings of rule-making, governance, and regulation of transnational activities.52 I propose looking at the state legal systems from the opposite side, namely through the eyes of those who can choose whether or not to follow state laws. We should not assume that when a state introduces registration policies, all urban residents are either inside the system or outside. Taking the opposite perspective on the issue—namely, that of the mobile entrepreneurs themselves—spurs more productive thinking about how these policies shape the actions of those at whom they are directed. Mobile entrepreneurs negotiate the state legal system on their own terms, with their own tools that, in turn, play a part in the process of forming social norms and rules.

These new institutions serve as frames of reference and sources of basic order for transnational entrepreneurs from Central Asia. In this way, mobile entrepreneurs now relate to the state or redefine the state as just one of many actors encountered in the course of their transnational economic activities.53 Within the debate on transnational governance and rule-making, regulation is conceptualized much more broadly than in its classical definition, which assumes the centrality of the state.54 The authors remind readers of the de-regulation discourse that undermines the "new age of legalism,"55 and state that "[w]e witness both the decline of state-centred control and the rise of an 'age of legalism'."56 Comaroff and Comaroff describe this age as "an Iron Cage of Legality," where law fetishism is over-determined and where

> [t]he distillation of postcolonial citizens into legal subjects, and postcolonial politics into lawfare, charts the road from the past to the future, albeit less sharply in some places that in others. Not only are government and public affairs becoming more legalistic, but so are 'communities' within nation-states.57

52 M-L. Djelic and K. Sahlin-Andersson (eds.), *Transnational Governance: Institutional Dynamics of Regulation* (Cambridge: Cambridge University Press, 2006).

53 Djelic and Sahlin-Andersson, *Transnational Governance*.

54 R. Baldwin, S. Collin, and C. Hood (eds.), *A Reader on Regulation* (Oxford: Oxford University Press, 1998).

55 P. Schmidt, "Law in the Age of Governance: Regulation, Networks and Lawyers," in J. Jordana and D. Levi-Faur (eds.), *The Politics of Regulation: Institutions and Regulatory Reforms for the Age of Governance* (Cheltenham, UK: Edward Elgar, 2004), 273–95.

56 Schmidt, "Law in the Age of Governance."

57 J.L. Comaroff and J. Comaroff, "Introduction," in J.L Comaroff and J. Comaroff (eds.), *Law and Disorder in the Postcolony* (Chicago: University of Chicago Press, 2006), 33.

Djelic and Sahlin-Andersen define transnational regulation as "a mode of governance in the sense that it structures, guides, and controls human and social interactions beyond, across and within national territories."58 Such communities are also mosque communities that offer the space, opportunities, structures, and authority figures (the imam and other informal religious leaders) to form an alternative legal order, as I described earlier in this article.

The above discussion on regulation, de-regulation, re-regulation, and transnational governance recognizes that the state is not the only governing agency and authority for regulation and that there are other actors and authorities that provide order and norms. This conclusion regarding regulation is well sup- ported by examples from alternative regulation and legal pluralism, as well as those offered here on the regulation of transnational economic activities in the post-Soviet space.59

Conclusion

In this article, I argued that after the collapse of the Soviet Union a new social and economic status or class emerged, namely mobile entrepreneurs. I have defined Central Asian "entrepreneurs" as men and women who successfully make their living through their innovative transnational economic activities. In view of the development of Islam and Islamic practices on the ground in Central Asia after the collapse of the atheist Soviet regime, I asked the question of what role mosques—and religion in general—play in the lives and work of Central Asian entrepreneurs.

Depending on the type of work, the distance from home, and the length of stay in one place, there are a variety of institutional arrangements for regulating the informal economic activities of mobile entrepreneurs from Central Asia. In an alien context, I argued, religion plays a crucial role in regulating these activities and administering sometimes very complex economic projects in multiple destinations. I argued that religion and religious authority serve as an anchor in several regards: they provide a destination, a reference point,

58 Djelic and Sahlin-Andersson, *Transnational Governance*, 6.

59 K. von Benda-Beckmann, F. von Benda-Beckmann, and J. Eckert, "Rules of Law and Laws of Ruling: Law and Governance between Past and Future," in K. von Benda-Beckmann, F. von Benda-Beckmann, and J. Eckert (eds.), *Rules of Law and Laws of Ruling: On the Governance of Law* (Burlington, vt: Ashgate, 2009), 1–30; J. Eckert, "Urban Governance and Emergent Forms of Legal Pluralism in Mumbai," *Journal of Legal Pluralism*, 36, no. 50 (2004): 29–60.

a source of authority, and stability in the context of accelerated change and mobility.

I followed Meagher in arguing that a new class is being built within informal economies, namely that of entrepreneurs. Her examples from the African continent resemble patterns I observed in Central Asia and beyond. I have also made use of the literature on informal economies, transnational governance, entrepreneurship, and religion. I pointed out the gaps in this literature: for in- stance, the literature on religion is mainly focused on identity and morality; it has only recently taken an interest in the economy, and even then mainly with a focus on Islamic banking. The literature on governance and regulation is unfortunately state-centered, and top-down approaches are more popular.

In this article, I brought several strands of literature together to show the links between religion, economics, and alternative legal orders. This is an effort to draw attention to the important role of religion and mosque communities in entrepreneurship and transnational economic networks. More research is needed to fill this gap.