

# POST-COMMUNIST INFORMAL NETWORKING: *BLAT* IN THE SOUTH CAUCASUS

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**Abstract:** This article provides an empirical analysis of the South Caucasus' post-communist *blat* – a system of informal inter-personal networks operating on principles emphasizing reciprocal exchanges of favors. An intricate web of *blat* networks emerged in the Soviet Union as a result of the communist takeover of the public sphere, which in conjunction with the chronic shortage of goods and commodities gave birth to an immense shadow economy in which favors were a key currency. This study argues that *blat* in the contemporary South Caucasus, far from being a vestige of the communist past, occupies a significant part in political, economic and social life of the region. While there is little doubt that the contemporary informal networking is a legacy of the Soviet era, the *blat*-culture in the South Caucasus has evolved since the end of Soviet rule from commodities to services. In contrast to *blat* networking in Russia and other parts of the former Soviet Union, *blat* in Armenia, Azerbaijan and Georgia is deeply entangled in the kinship and clan politics that pervade the region's elitist and hierarchical structures. As this study concludes, although *blat*-based informal networking generates social capital and provides its participants with material

and social benefits, it presents a serious challenge for efforts aimed at building democracy and invigorating civil society in the South Caucasus.

The decades of Soviet rule in the South Caucasus and the subsequent demise of state communism in the early 1990s not only left the region engulfed in armed conflicts sparked by the growth of nationalism, but also affected the post-Soviet societal transition. Economic shortages and ineffective governments, in conjunction with many other plagues of the post-communist transformation in the former Soviet Union, could not but lead to the revival of informal practices and the rise of the informal “economy of favors,” well-known in Soviet times by its popular name – *blat*. Sustained by paternalistic patron-client relations and a staunch reliance on kinship and clan networks, the shadowy practices of *blat*, no less than they were in Soviet days, are omnipresent in the contemporary South Caucasus. Yet, *blat* in Armenia, Azerbaijan and Georgia, both as a Soviet legacy and a post-communist phenomenon, is hardly ever discussed, let alone studied in academic literature. In recent decades, scholars have published numerous studies on *blat* in post-Soviet Russia.<sup>1</sup> However, only a handful of research works ever mentioned *blat* networks in the post-communist Caucasus.<sup>2</sup> To date little is known about the exact structure, modes of operation and organization of informal *blat* networks in the South Caucasus.

This article incorporates the author’s personal observations of *blat* practices in post-communist Azerbaijan, multiple conversations with individuals from different parts of the former Soviet Caucasus, and an analysis of representative surveys combined with a review of the relevant academic literature in the field. The bulk of the survey data in this study comes from the Caucasus Barometer Project run by the Caucasus

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<sup>1</sup> For literature on *blat* in the USSR and Russia, see Alena Ledeneva. 1998. *Russia’s Economy of Favors: Blat, Networking, and Informal Exchange*. Cambridge: Cambridge University Press; Alena Ledeneva. 2007. “Russia’s Economy of Favors.” *Cambridge Anthropology*, 19 (3): 43-66; Nicholas Hayoz and Viktor Sergeev. 2003. “Social Networks in Russian Politics.” In Gabriel Badescu and Eric Uslaner, eds., *Social Capital and Transition to Democracy*. London: Routledge; Alf Rehn. 2004. “‘Znakomstva i Svyazi’ (Acquaintances and connections) – Blat, the Soviet Union, and mundane entrepreneurship.” *Entrepreneurship & Regional Development*, 16 (3): 235-250; Markku Lonkila. 1999. *Social Networks in Post-Soviet Russia: Continuity and Change in the Everyday Life of St. Petersburg Teachers*. PhD Dissertation, University of Helsinki, Helsinki.

<sup>2</sup> Babken Babajanian. 2008. “Social Capital and Community Participation in Post-Soviet Armenia: Implications for Policy and Practice.” *Europe-Asia Studies*, 60 (8): 1299-1319; Larry Dershem and David Gzirishvili. 1998. “Informal Social Support Networks and Household Vulnerability: Empirical Findings From Georgia.” *World Development*, 26 (10): 1827-1838; Anar Valiyev. 2011. “Social Capital in Azerbaijan: Does it Help to Build Democracy?” *Caucasus Analytical Digest*, November (31): 11-13.

Research Resource Centers (CRRC), a South Caucasus-based research institute, which produces annual nationwide representative surveys in Armenia, Azerbaijan and Georgia. This article also relies on public surveys conducted by the Policy, Advocacy and Civil Society Development Project in Georgia (G-PAC), the all-Union representative surveys by the Institute of Sociology at the Academy of Sciences of the USSR, available through the Russian Joint Economic and Sociological Data Archive,<sup>3</sup> and to a lesser degree data from the World Values Survey (WVS). For secondary data this study employs literature on social capital and informal networking in the post-communist South Caucasus and Russia, as well as studies examining Soviet informal practices.

I use the analysis of the post-communist and Soviet survey data and the secondary literature to answer a number of questions: What are the main characteristics of *blat* networking in the South Caucasus? How different is post-communist *blat* from its Soviet predecessor? And, why does it continue to persist? In addition to investigating the structure of *blat*, this study also analyzes whether *blat* networks serve as an obstacle for the development of independent civil society. In consequence, this paper argues that *blat* networking is not only uncivil, but that it undermines efforts to invigorate civil society and facilitate democratic processes in the region.

### **What is *Blat*?**

The Soviet term *blat*, which can be roughly translated into English as “pull,” is a word of many meanings.<sup>4</sup> However, in its contemporary interpretation, as a system of reciprocal favors, it entered the Soviet vocabulary in the turbulent 1930s. Systemic shortages of day-to-day goods and services under the planned Stalinist economy sparked the emergence and expansion of *blat* networks.<sup>5</sup> As Fitzpatrick explained:<sup>6</sup>

<sup>3</sup> The archival data is accessible at: <http://sophist.hse.ru/eng/index.shtml> (last accessed on August 21, 2012).

<sup>4</sup> The word *blat* first entered the Russian language at the beginning of twentieth century, originating from either the Yiddish word “blatte” for “an initiated person” or the German “die Blatte” for “paper money.” The early Soviet term *blat*, used in criminal slang, transferred into the mundane life of Soviet citizens during the early 1930s. In the South Caucasus, the term *blat* is sometimes translated into local languages, essentially retaining its original meaning. For example, in Soviet and post-communist Azerbaijan, *blat* is often referred to as “*tapsh*” derived from the Azeri word “*tapshirmag*” which can be translated as “to assign.” In Azeri, *tapsh* or *blat* is also synonymous with “*hormet*” (respect) and a few other words and phrases.

<sup>5</sup> Alena Ledeneva. 2009. “From Russia with blat: Can informal networks help modernize Russia?” *Social Research*, 76 (1): 257-288.

<sup>6</sup> Sheila Fitzpatrick. 2000. *Everyday Stalinism: Ordinary Life in Extraordinary Times: Soviet Russia in the 1930s*. New York: Oxford University Press, 63.

*Blat* may be defined as a system of reciprocal relationships involving goods and favors that, in contrast to patronage relations, entail equals and are nonhierarchical. As the participants perceive these relationships, their basis was friendship, even if money sometimes changed hands.

The main principle of *blat* is inter-personal trust. Thereby, members of *blat* networks participating in an informal exchanges of favors, commodities and services, are, first of all, part of a close-knit group of trusted people (*svoi liudi*). As a rule, participation in *blat* exchanges requires reciprocity of favors. However, return of a favor is not a must, but rather a preferable gesture aimed at securing trust for future exchanges. The main purpose of *blat* networking is procuring goods and services in short supply. Whereas under communism, *blat* connections were widely used to obtain such hard-to-find commodities as durables, imported consumer goods, and luxury items constantly absent from the shelves of state-managed shops, contemporary *blat* ties provide their beneficiaries with jobs, loans and a whole range of informal services in the public and private spheres.

Admittedly, the informal exchange of favors embedded in private networks is not a phenomenon peculiar to the USSR and its successor states. The growth of bureaucracy, economic shortages, authoritarian state systems and other political, economic or social factors induce the emergence of reciprocal informal networks distributing commodities and services in different corners of the world. The most well-known examples are the *good ol' boy networks* in the United States, *old boy networks* in Australia, Canada and the United Kingdom, *confianza* in Chile, *protetzia* in Israel, *palanca* in Mexico and *guanxi* in China and Taiwan.<sup>7</sup> Yet, apart from the Soviet phenomenon of *blat*, no other form of reciprocal informal networking in the world is notorious for its omnipresent control of a society and ability to survive and prosper much longer than many other informal networks.

### ***Blat* in the South Caucasus**

In the present-day South Caucasus, the definition of *blat* has advanced well beyond its original Soviet meaning of a system of informal, reciprocal favors – it is a complex social phenomenon operating at many levels of inter-personal interaction. On the one hand, it serves as social glue bonding

<sup>7</sup> See Larissa Lomnitz. 1971. *Reciprocity of Favors in the Urban Middle Class of Chile*, in *Studies in Economic Anthropology*. George Dalton, eds. Washington, DC: American Anthropological Association, 93-106; Alena Ledeneva. 1998. *Russia's Economy of Favors: Blat, Networking, and Informal Exchange*. Cambridge: Cambridge University Press, 52; Thomas Gold, Douglas Guthrie and David Wank. 2002. *Social Connections in China: Institutions, Culture and the Changing Nature of Guanxi*. Cambridge: Cambridge University Press.

informal networks, and, on the other hand, it is enmeshed in kinship, clan and ethnic structures acquiring both political strength and social leverage. With that in mind, this study divides *blat* networks into four interconnected levels (Figure 1). The first level of analysis begins with the kinship-based *blat*, encompassing immediate family, extended family and blood relatives. The second level is composed of friendship-centered *blat*-circles, which include close and distant friends, as well as acquaintances and contacts. The third level entails *blat* networks based on community, residence and place of origin. The final stage in *blat* networking rests on principles of ethnicity and/or nationality.

**Figure 1. Levels of Blat Networking in the South Caucasus**

	Type of Blat-relations	Strength of Blat-relations
(1)	Kinship – family, extended family, blood relatives	Strong, homogenous, hierarchical
(2)	Friendship – close and distant friends, acquaintances, contacts	Fairly strong, reciprocal
(3)	Place of origin – residence, place of birth, community	Circumstantial
(4)	Ethnicity and nationality	Weak

Accordingly, at the kinship level, *blat* is at its strongest. Strong traditional reliance on extended family and other blood relatives in the South Caucasus's societies places kinship at the first level in the organizational and operational structure of *blat* networks. The kinship networks are exceptionally elitist and membership in such networks is allocated strictly on the basis of birth or marriage. That level of networking can be characterized by the highest level of bonding social capital and the lowest levels of bridging social capital. As a result, *blat* is the most influential and powerful at this level. It provides access to the network's financial assets and opens doors to high-ranking positions in governments and business. While an average household size in the South Caucasus may be limited to four or five persons, the extended family may easily be composed of over thirty people. Thereby, blood relatives form a primary circle of informal networking which functions as a fundamental, albeit primordial, source of social capital. Essentially, the kinship-based *blat* ensures that the best career opportunities, financial loans or positions in power are allocated to family members. Although representative surveys do not fully capture the shadow principles of *blat* networks, the Caucasus Barometer data from 2009 to 2011,<sup>8</sup> nevertheless, exhibits the considerable importance of

<sup>8</sup> Caucasus Research Resource Centers. 2009-2011. "Caucasus Barometer" Armenia, Azer-

contacts and favors in the employment market (Figure 2).

**Figure 2. The Most Important Factor for Getting a Good Job**

Factors (%)	Armenia			Azerbaijan			Georgia		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Connections	38	31	27	35	20	24	44	26	20
Education	26	23	22	35	27	26	22	25	28
Hard work	7	5	7	4	5	7	5	6	7
Luck	5	4	4	5	5	6	5	11	9
Personal abilities	9	7	-	5	8	-	11	14	-
Talent	-	-	-	3	3	4	3	4	7
Work experience	1	3	11	4	5	10	4	3	17
Favours	-	8	9	-	23	19	-	3	3
Other	4	3	3	5	4	5	2	2	2

Source: Caucasus Research Resource Centers Caucasus Barometer.

Despite the notable reduction in the significance of contacts for getting a good job in recent years, as demonstrated by the Caucasus Barometer surveys, having the “right” contacts is still as important as having a good education and more valued than work experience, personal skills, or diligence. Unlike Western societies, where one’s contacts and acquaintances are as likely to receive information about lucrative jobs as members of an individual’s kinship network (in particular, if no family members are interested in the position on offer or qualify for it), in the South Caucasus, the job opening is unlikely to ever leak to an outsider. It will be filled by a member of a kinship network even if the person is not quite qualified for the job. Valiyev<sup>9</sup> explains it in more detail:

In a system which craves stability, character traits such as loyalty are valued more than professionalism. The person who offers another person a job wants to secure the loyalty of the newcomer and make him part of his circle. The job-giver becomes a kind of patron for the newcomer and seeks to ensure that the newcomer remains loyal. Given existing realities in Azerbaijan (as

baijan, Georgia datasets, <http://www.crrccenters.org/caucasusbarometer/>, accessed on August 20, 2012.

<sup>9</sup> Valiyev, 12.

well as in many North Caucasian republics) people tend to rely on relatives, members of their clan, or residents from the same village or region.

The above employment example is but a one case of kinship-based *blat* networks. A similar principle applies to a great range of favors, services and commodity procurement. The definitive feature of family and kinship-centered networks is that *blat* relations in these networks are exclusive and elitist. Since the membership in such networks is defined by birth or marriage, the distribution of favors within a network is mostly non-hierarchical and non-discriminatory – the closest available and suitable member of a network receives the favor. Although the unwritten rules of *blat* prescribe that the receiver of a favor must reciprocate by helping the person who helped him, among family and kinship members, such gestures are not required. In the absence of strong traditional clan systems and due to the homogenous nature of social structures in Armenia, Azerbaijan and Georgia, kinship-based *blat* networks are omnipresent in the South Caucasus, where they serve as fertile grounds for an exclusivist reliance on extended family and kinship relations. However, the strength of *blat* networking grows weaker with each successive level.

Friendship links constitute the next stage of *blat*-centered relationships. Less influential than family and kinship networks, *blat*-circles based on close friendship are predominantly a circle of reciprocity. To be precise, at this level, an individual would be unwilling to offer a lucrative employment offer to a friend or introduce that person to influential contacts unless the favor-provider is confident that the favor-recipient deserves his or her place in the favor-provider's *blat*-circle. Most importantly, the favor-recipient has to be deemed capable of repaying the favor with a gesture of equal magnitude. Therefore, the primary difference between friendship-based networks in Western societies and the South Caucasus is that, whereas membership in a friendship network in the West does not require a person to return a favor or to be obliged to reciprocate in kind, in the post-Soviet South Caucasus, each favor entails reciprocity, thus, forging a circle of deeper trust. Hence, having large numbers of friends or a willingness to acquire new friendship contacts does not involve bridging and the associated transfer of social capital from private to public spheres resulting in people's participation in civil society organizations. For instance, a representative survey by the Policy, Advocacy and Civil Society Development Project in Georgia (G-PAC) presented by Leslie Hough,<sup>10</sup> showed that nearly two-thirds of respondents (63%) proclaimed a willingness to make new friends, while only 17 percent were not interested

<sup>10</sup> Leslie Hough. 2011. "Civic Engagement in Georgia: The Challenge of Formalizing Informal." *Scholar Research Brief*. Tbilisi: IREX.

in acquiring friends. Furthermore, 66 percent of respondents to the G-PAC survey stated that they were open to meeting new people and only 9 percent mentioned their unwillingness to make new acquaintances. The conclusion drawn by Hough is that: "...even though bonds are high among close friend groups, these groups are not necessarily sealed off or static in a way that would limit bridging social capital."<sup>11</sup> Indeed, friendship networks are not as selective as family and kinship-based groups. However, a positive attitude towards acquiring new friends does not automatically make informal networking more inclusive. In other words, a distinction needs to be made between friendship networks, which do not involve *blat*-favors and simply serve as networks of communication between distant friends or acquaintances, who are unlikely to participate in more intimate bonding or bridging (unless *blat*-based relationships develop) and more exclusive *blat* networks where friendship ties are permanent and tight since they involve reciprocal *blat* connections. To be precise, *blat*-reciprocity works mostly within networks of close friends and acquiring new friends does not necessarily mean that they would enter the "circle of trust." Rather, it potentially expands an individual's *blat* network, increasing opportunities for accessing more resources.

Friendship networks, although not as significant as kinship connections, nonetheless, serve as an essential source of social capital beyond the extended family. As reported by the Caucasus Barometer survey in 2008,<sup>12</sup> the residents of the South Caucasus rely on friendship ties for personal and social security almost as much as on kinship networks and certainly more than on formal state institutions (Figure 3).

The next level of *blat* networking is the geographical origins of an individual: place of birth, residence or ancestry tracing back a person's origins to a particular village, town, city or region. Yet, in contrast to kinship ties, residence-centered networks are less personal, and, therefore, favors distributed through them are of lesser value and magnitude. For instance, according to the World Values Survey (WVS),<sup>13</sup> belonging to a particular region is less important in Armenia, Azerbaijan and Georgia. Nevertheless, residence and community origin-based *blat* relations remain stronger than *blat* networks based on belonging to a country or a nation.

The hierarchy of *blat* network structure can be completed by adding ethnicity as the final stage of *blat* relations. The ethnic factor is not,

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<sup>11</sup> Hough, 4.

<sup>12</sup> Caucasus Research Resource Centers. 2008. "Caucasus Barometer" Armenia, Azerbaijan, Georgia datasets, <http://www.crrccenters.org/caucasusbarometer/>, accessed on August 20, 2012.

<sup>13</sup> The WVS surveys, conducted in Armenia and Azerbaijan in 1997 and in Georgia in 1996, found that only 10 percent of respondents in Armenia, 16.2 percent in Azerbaijan and 10.2 percent in Georgia associate themselves with a particular region.

however, a glue for the *blat* networks in the rather homogenous societies of the South Caucasus, nor is it a determinant in the distribution of *blat*-favors. According to an opinion poll conducted in the breakaway republic of Abkhazia in 2010 (Figure 4),<sup>14</sup> a significant percentage of ethnic minorities are fairly confident in their chances of securing decent jobs.

**Figure 3. Human Security/Civil Rights in the South Caucasus, 2008**

Question: "How effectively, in your opinion, did the below mentioned entities/people function to secure personal safety and civic rights?" (%)  
(E = Effective; I = Ineffective)

	Armenia		Azerbaijan		Georgia	
	E	I	E	I	E	I
Police	29	31	46	21	50	10
Prosecutor	25	40	42	20	29	20
NGOs	23	42	35	30	38	18
Neighbors	56	14	52	15	54	12
Friends	70	8	61	12	66	7
Relatives	74	8	63	12	64	9

Source: Caucasus Research Resource Centers Caucasus Barometer.

**Figure 4. Job Opportunities for Ethnic Minorities in Abkhazia, 2010**

Do residents of Abkhazia who are not Abkhazians have an opportunity to have well-paid jobs and take up significant posts? (%)

	Abkhaz	Armenian	Georgian/ Mingrelian	Russian
Definitely yes	31	14	14	20
Probably yes	27	29	30	25
Probably no	8	23	18	17
Definitely no	12	18	14	21

Source: See footnote 14

This evidence suggests that *blat* leverage is weaker when it comes to the ethnicity and national identity of *blat*-circle members. At the micro-level, a favor-provider's close friend and, therefore, member of an inner

<sup>14</sup> John O'Loughlin and Vladimir Kolossov. 2010. "Contemporary Attitudes and Beliefs in Transnistria, Abkhazia and South Ossetia: A Preliminary Analysis of Survey Data." *Post-Soviet Affairs*, 26 (3): 16.

*blat*-circle, despite belonging to a different ethnic group can be expected to procure greater benefits than a distant acquaintance of the same ethnic group as the favor-provider. The fundamental principle of *blat*-based relations in the Caucasus is not mere reciprocity, although the latter plays an important role in non-kinship *blat* networks, but the fact that the recipient of a favor should be a person “deserving” of such a favor. In other words, membership in a *blat*-circle is exclusive, selective and individual.

In recent decades, the literature on social capital in the former Soviet Union exploited theories suggesting that informal networks in post-communist societies often perform the functions usually attributed to formal civil society.<sup>15</sup> However, despite a number of studies on social capital in the South Caucasus,<sup>16</sup> no one has yet examined the question of to what extent *blat* networks perform the function of civil society and replace the NGO sector. In consequence, examining this issue might shed some light on the problem of developing bridging social capital and its diffusion from private to public spheres. In Russia, as suggested by a range of studies,<sup>17</sup> the inability of the state, as well as civil society, to provide citizens with social services, continues to serve as an impetus for the existence of *blat* networks. In the South Caucasus, apart from their role as an informal “second economy,” *blat* networks provide assistance with employment, micro-credits, and community assistance and function in many other areas typically occupied by governments and civil society. In particular, operating in a diversity of social and political areas, informal networks in the South Caucasus maintain a significant presence in the employment market. As seen from the survey data in Figure 2, personal contacts as a form of *blat* connections continue to dominate the highly competitive employment sphere in the South Caucasus. Whereas the *blat* networks’ role in the employment market is not an issue that is to be willingly revealed in public surveys, and, therefore, eludes official statistics, *blat*’s part in micro-crediting is easier to trace in analyzing the survey data. According to the Caucasus Barometer 2008 survey (Figure 5),<sup>18</sup> the majority of respondents across the region identified family (85%), extended family (55%), and close friends (45%) as a main source of help and assistance in emergencies and transitional moments in life. By contrast, only

<sup>15</sup> See James Gibson. 2001. “Social Networks, Civil Society, and Prospects for Consolidating Russia’s Democratic Transition.” *American Journal of Political Science*, 45 (1): 51-69; Richard Rose. 1998. “Getting Things Done in Anti-modern Society: Social Capital Networks in Russia.” In Partha Dasgupta and Ismail Serageldin, eds., *Social Capital. A Multifaceted Perspective*. Washington, D.C.: The International Bank for Reconstruction and Development.

<sup>16</sup> Babajanian; Valiyev.

<sup>17</sup> Ledeneva, 2007, 2009; Lonkila; Rose.

<sup>18</sup> Caucasus Research Resource Centers. 2008. “Caucasus Barometer” Armenia, Azerbaijan, Georgia datasets, <http://www.crrccenters.org/caucasusbarometer/>, accessed on August 18, 2012.

3 percent considered the state and 2 percent named NGOs as possible sources of assistance in a moment of need.

**Figure 5. Life Changes, Emergencies, Moments of Need**

Who provided help (%)?	Armenia		Azerbaijan		Georgia	
	Yes	No	Yes	No	Yes	No
Family	87	13	89	11	79	21
Relatives	55	45	63	37	51	49
Close friends	39	61	53	47	45	55
Co-workers	21	79	30	70	14	86
Neighbours	21	79	31	69	29	71
Local government	3	97	3	97	6	94
Social service/health organization	4	96	17	83	8	92
Religious organizations	1	99	12	88	3	97
NGOs	1	99	5	95	2	98

Source: Caucasus Research Resource Centers Caucasus Barometer.

This data shows an overwhelming reliance on kinship-based networks and the social capital embedded in them. As a result, the level of trust towards, and participation in, informal *blat* networks is noticeably higher than in formal civil society, which is often blamed for failing to address issues of particular concern. For instance, the majority of respondents to the G-PAC survey in Georgia mentioned unemployment, poverty and inflation both as the main issue of concern and a problem insufficiently addressed by the NGOs.<sup>19</sup> *Blat* networks also serve as an informal source of financial credits and loans. For example, the pattern of preferences for borrowing money in Azerbaijan suggests that most financial loans occur within the kinship-based networks.<sup>20</sup> Thus, 47 percent of respondents to a survey, conducted by Hasanov<sup>21</sup> in Azerbaijan, mentioned that they would only lend money to members of their own family and another 20 percent indicated close relatives as people to be trusted with money. This data suggests that the social capital embedded in *blat* networks, indeed, serves as an efficient, albeit exclusivist and selective, source of employment assistance and micro-credits in the South Caucasus.

<sup>19</sup> Hough, 3.

<sup>20</sup> Rafail Hasanov. 2009. "Social Capital, Civic Engagement and the Performance of Local Self-Government in Azerbaijan." *Nationalities Papers*, 37 (1): 89-114, 95.

<sup>21</sup> *Ibid.*

### ***Blat* and Corruption**

The relationship between *blat* networks and corruption deserves attention. Although the economy of *blat*-favors works without corruption at the family and kinship levels, as noted above, it requires reciprocity at most other levels of interaction. Whereas *blat*-favors among close friends do not involve money exchanging hands, instead a reciprocal favor is expected at some point in the future, a favor between friends who are not particularly close, people from the same region, place of origin, or simply acquaintances most commonly involves a financial remuneration or a material gift. Thereby, it can be assumed that *blat* networks in the South Caucasus indirectly serve as a driving force behind the well-entrenched institution of corruption. To be precise, the necessity to reciprocate outside the immediate *blat*-circle inevitably involves monetary or material gifts. The complexity of the *blat* relations' hierarchy and structure not only provides an impetus for bribery, as a means of "bridging" between networks with no ties, but also institutionalizes it as a part of everyday life and a code of conduct in *blat*-based relations.<sup>22</sup>

However, it is essential to differentiate between *blat* and corruption. Although there are no clearly defined boundaries between the "economy of favors" and bribery, *blat* operates at a much higher level than corruption. The principles of *blat* are not merely profit and service-oriented, as is often the case with corruption, but are vested in family, blood kinship and friendship-bound obligations and duties. For example, top-level pull almost always requires contacts rather than money and positions in government's ministries or institutions cannot simply be bought with a bribe. Besides, the perceptions of what constitutes corruption in the South Caucasus often exclude non-monetary favors. The Caucasus Barometer survey on volunteerism and civic participation,<sup>23</sup> conducted in 2011 in Georgia, shows that 40 percent of respondents stated that when a government official recommends a relative for a job in a ministry, the situation cannot be described as corruption. Also, 45 percent of the survey's participants did not consider giving a gift to a doctor to receive special care as bribery. Thereby, unlike corruption, the reciprocal *blat*-services are not necessarily perceived negatively and often accepted as a medium of interpersonal relations. Most importantly, the purpose of monetary or material "gifts" in *blat*-relations is that of a mere token of appreciation and the

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<sup>22</sup> Often financial remuneration for a favor is not perceived as a bribe, but as a return favor to an individual who is not a member of an immediate *blat* network circle, and, therefore, cannot be reciprocated by a non-monetary return favor, since ties between the "favor-provider" and "favor-recipient" are too weak to ensure continuous contact.

<sup>23</sup> Caucasus Research Resource Centers. 2011. "Caucasus Barometer," Volunteerism and Civic Participation in Georgia, <http://www.crrccenters.org/caucasusbarometer/>, accessed on 18.08.2012.

outcome of a particular *blat*-mediated transaction, first of all, depends on the value of the connections.

In spite of the close linkage between the *blat*-favors and the deeply rooted culture of giving and taking bribes in the South Caucasus, the fight against corruption cannot guarantee the eradication of *blat*-practices. Namely, the massive crackdown on corruption in Saakashvili's Georgia not only effectively improved the country's ranking on international corruption indexes<sup>24</sup> but also delivered a heavy blow to corruption in the country. However, as mentioned by Börzel and Pamuk,<sup>25</sup> corruption in Georgia, as well as in Azerbaijan transmutes from a petty daily occurrence into elite corruption. This transformation of corruption, therefore, makes it less distinguishable from reciprocal *blat*-favors and more difficult to fight against. In contrast to corruption – a monetary or a material reward for preferential treatment or service – the family and kinship *blat* often does not require reciprocity of any form, thereby, making it impossible to legally persecute the *blat*-culture. In the same vein, friendship-based *blat* is enmeshed in inter-personal allegiances and unwritten principles of friendship obligations. Besides, as long as social and economic insecurity persists in the South Caucasus, a clampdown on corruption rather than on its causes, could probably lead to higher reliance on *blat* networks.

### ***Blat* as a Soviet legacy**

*Blat*-circles are a social phenomenon which first emerged in the Stalin-era Soviet Union as a system of exchanging favors that was needed to address shortages of goods and services. In the last two decades, numerous studies described the linkages between post-communist *blat* and the Soviet past.<sup>26</sup> An even more voluminous body of literature appeared examining *blat* networks and the “second economy” in the Soviet Union.<sup>27</sup> Furthermore, a

<sup>24</sup> According to the Transparency International Corruption Perceptions Index, Georgia's ranking rose to 4.1 in 2011 from 2.4 in 2002.

<sup>25</sup> Tanja Börzel and Yasemin Pamuk. 2011. “Pathologies of Europeanization Fighting Corruption in the Southern Caucasus.” *West European Politics*, 35 (1): 79-97, 19.

<sup>26</sup> See Ledeneva 2007, 2009; Vladimir Shlapentokh, eds. 2008. *The Soviet Union. Internal and External Perspectives on Soviet Society*. New York: Palgrave Macmillan; Larissa Lomnitz. 1988. “Informal Exchange Networks in Formal Systems: a Theoretical Model.” *American Anthropologist*, 90 (1): 42-55.

<sup>27</sup> For informal networks and the “second economy” of the Soviet Union, see Ferdinand Feldbrugge. 1984. “Government and Shadow Economy in the Soviet Union.” *Soviet Studies*, 36 (4): 528-543; Aron Katsenelinboigen. 1977. “Coloured Markets in the Soviet Union.” *Soviet Studies*, 29 (1): 62-85; Gertrude Greensdale. 1980. *Regional Dimensions of the Legal Private Economy in the USSR*. Berkley: National Council for Soviet and East European Research; Gregory Grossman. 1985. *The Second Economy in the USSR and Eastern Europe. Occasional Papers on the Second Economy in the USSR*; Gerald Mars and Yochanan Altman. 1983. “The Cultural Bases of Soviet Georgia's Second Economy.” *Soviet Studies*, 35 (4): 546-560; Dennis O'Hearn. 1980. “The Consumer Second Economy: Size and Effects.” *Soviet Studies*,

number of studies emphasized that the *blat*-culture in the South Caucasus, as well as in other non-ethnic Russian parts of the USSR, was dominant and omnipresent.<sup>28</sup>

There is no doubt that the societies of the pre-Soviet South Caucasus were familiar with the reciprocal exchange of favors embedded in traditional social and associational structures.<sup>29</sup> However, the start of Soviet collectivization, standardization and urbanization not only undermined the traditional social structures in the South Caucasus, but also replaced them with a standard “Soviet way of life.” As in many other non-Slavic regions of the USSR, the massive Sovietization effectively de-traditionalized the South Caucasus, replacing the early Soviet image presenting South Caucasus residents as “savage but noble” mountain dwellers (*gortsy*) with the typical stereotype of a Soviet citizen – *Homo Sovieticus*.<sup>30</sup> Therefore, the emergence and entrenchment of *blat*-centered informal networks in the South Caucasus is tightly linked to the Soviet period. Yet, despite emphasizing the role of *blat* as a medium of informal networking, the existing literature on social capital and informal networking in the South Caucasus makes no reference to differences and similarities between contemporary *blat* and its Soviet predecessor. Likewise, a question that remains unanswered is whether Soviet *blat* operated on similar principles all over the USSR, or were the South Caucasus *blat*-circles substantially different from those in Russia or elsewhere in the USSR? Addressing these questions might prove to be crucial in determining whether the present-day informal networking in the South Caucasus functions similarly to the Soviet *blat*-based private sphere and, therefore, can be described as its legacy, or is it a post-communist phenomenon with little direct linkage to the past?

Although the majority of studies on Soviet social capital and private networks in the region are silent about the differences between the *blat* in the Caucasus and other parts of the USSR, such divergences indeed existed. As noted by Greensdale<sup>31</sup> the scale of the informal “second economy” in the South Caucasus was colossal. In 1965-75 the shadow economy accounted

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32 (2): 218-234; Gur Ofer and Aaron Vinokur. 1980. *The Private Sources of Income of the Soviet Urban Household*. Washington, DC: Kennan Institute for Advanced Russian Studies; Steven Sampson. 1987. “The Second Economy of the Soviet Union and Eastern Europe.” *The ANNALS of the American Academy of Political and Social Science*, 493 (120); Stanislaw Wellisz and Ronald Findlay. 1986. “Central Planning and the ‘Second Economy’ in Soviet-Type Systems.” *The Economic Journal*, 96 (383): 646-658.

<sup>28</sup> Feldbrugge, 541; O’Hearn, 225-26; Ofer, 65-66; Sampson, 126-27.

<sup>29</sup> Reciprocity and exchanges of favors existed among the traditional forms of the pre-Soviet societal association in Armenia (patriarchal family – *azg*), Azerbaijan (in *mahalla* communities) and Georgia (community or elders’ councils).

<sup>30</sup> Sergey Markedonov. 2007. “Sovetskii Kavkaz v 1970-e gody: Predchuvstvie grazhdanskoi voiny.” *Neprikosnoveny Zapas*, 2007 (2).

<sup>31</sup> Greensdale, 2.

for over 60 percent of total income per capita in Azerbaijan and Armenia.<sup>32</sup> In Georgia, the *blat*-economy operated on a similarly intensive scale.<sup>33</sup> For instance, Greensdale pointed out that over 42 percent of total urban housing in Georgia was privately built and owned.<sup>34</sup> In terms of its scale and diffusion into daily life, the informal economy in the Soviet South Caucasus was distinctive. Surpassing all other regional “competitors” in terms of production per capita, it exceeded Central Asia by over 20 percent and the rest of the Soviet Union by an average of 40 percent. Apart from its economy-within-an-economy scale and ubiquitous penetration, *blat* in the South Caucasus was different from the rest of the Union in subtle ways.

First, the principal feature of Soviet *blat* – inter-personal trust within networks – was replaced in the Caucasus with *honor*.<sup>35</sup> This difference made participating in reciprocal exchanges a duty that cannot be avoided without consequences for both the credibility of a network-member and the integrity of the network. Altman, in his study examining the informal economy of Soviet Georgia, argued that the concepts of honor and dishonor were tightly interwoven into the social fabric of the society and were bound by family and friendship obligations.<sup>36</sup> Second, whereas the all-Soviet principle of *blat* was based on a strong reliance on friendship ties, which were needed for extending the boundaries of a network and facilitating effective bonding with the “necessary people” (*nuzhnye liudi*), *blat* networks in the South Caucasus were heavily dependent on kinship and family ties. Altman stresses that the informal networks in Soviet Georgia primarily consisted of two levels: family or kin-centered and friendship networks.<sup>37</sup> For example, a failure to adhere to the rules of reciprocity in the European part of Russia suggested that the violator could be excluded from further mutual utility exchange in a *blat* network. On the contrary, in the Caucasus such a failure could easily become a problem for the entire network, which in its turn, by exercising kinship or friendship ties, sought to oblige the “law-breaker” to reciprocate. This mechanism ensured a network’s integrity and the compliance of its members with the rules of *blat*. Third, in Russia *blat* was mostly non-hierarchical and clearly distinguished from patronage, whereas in the Caucasus the reciprocity of favors often acquired an element of dependency on seniority in kinship networks – the so-called, centers of “real” power.<sup>38</sup> Due to its hierarchy and kinship, the Caucasus’s *blat* often lost

<sup>32</sup> Greensdale, 11.

<sup>33</sup> O’Hearn, 225.

<sup>34</sup> Greensdale, 49.

<sup>35</sup> Mars & Altman, 549.

<sup>36</sup> Yochanan Altman. 1983. *A Reconstruction Using Anthropological Methods of the Second Economy of Soviet Georgia*. PhD Dissertation, Middlesex Polytechnic, Center of Occupational and Community Research, Enfield, England.

<sup>37</sup> Altman, 4-16.

<sup>38</sup> Mars & Altman, 555.

the reciprocity factor; a favor could have been provided based on respect and honor rather than with an expectation of a return favor. By contrast, in Soviet Russia, a favor provided without an expectation of reciprocity, despite occurring occasionally, was an exception to the rule.<sup>39</sup> The hierarchical form of kinship-centered informal networking paved the path for the proliferation of patron-client relations, which were not only dominant in public organizations and institutions, but also present in inter-personal networking.

Besides, because of its immense scale, omnipresence and exclusivist nature, resulting in the lack of inter-network bridging, the *blat* economy in the South Caucasus could not avoid extensive monetary transactions. Informal financial exchanges in their turn provided incentives for the spread of corruption, which was more extensive in the Soviet South Caucasus, than in other parts of the USSR.<sup>40</sup> In contrast to the Eastern European parts of the USSR, where *blat* was more valued than money and was often favored over monetary exchanges, *blat* in the South Caucasus was as dependent on currency as on favors. However, similarly to the post-communist South Caucasus, the relationship between *blat* and corruption in the Soviet Caucasus was often interconnected, making it difficult to distinguish their boundaries. As Heinzen puts it, the:

...*blat* relationship, then, could be a stepping-stone on the path to a bribe. One might rely on one's *blat* contacts to determine who would be most likely to accept a bribe.... If one's connections were not sufficient, however, or if a high degree of risk was involved, one might have to move from the realm of "the mutual exchange of favors" and into the realm of the outright purchase of favors...<sup>41</sup>

With the exception of the aforementioned discrepancies, *blat* networking in the South Caucasus was not dramatically different from the rest of the Soviet Union. Similarly, it was used to procure goods, services, commodities and favors, to develop inter-personal and inter-network bonding and to ensure day-to-day survival. The main reasons causing the differences were economic inequality, population density and social organization. These factors, as noted by Sampson, ensured that the "shadow economy" of *blat* networks was "...more extensive in outlying regions, ethnic enclaves and the more ruralized republics," than in the European

<sup>39</sup> Ledeneva, 2009, 9.

<sup>40</sup> Feldbrugge; Greensdale; Ofer.

<sup>41</sup> James Heinzen. 2007. "The Art of the Bribe: Corruption and Everyday Practice in the Late Stalinist USSR." *Slavic Review*, 66 (3): 412.

parts of the USSR or in the Baltic Soviet republics.<sup>42</sup>

However, the Soviet origins of the post-communist *blat* in present-day Armenia, Azerbaijan and Georgia do not automatically make it a Soviet legacy. It is necessary to examine in greater detail the connection between the contemporary *blat*-culture in the South Caucasus and its Soviet predecessor. How different or similar is it to Soviet *blat*? Does the legacy still persist? According to the leading expert on the Russian economy of favors, Alena Ledeneva, no satisfactory answer exists to what has happened to *blat* since the break-up of the USSR.<sup>43</sup> Ledeneva, nevertheless, adds that *blat* continues to dominate post-communist informal networking. However, there is no doubt that post-communist *blat* in the South Caucasus is different from the original Soviet *blat*. Whereas communist-era *blat* networking in the South Caucasus and elsewhere in the USSR sought to address problems caused by the shortage economy, post-communist *blat* is no longer used to obtain food, consumer goods and durables but it "...is still important to get access to jobs, medicine, education, etc."<sup>44</sup> In other words, it is used to address a "new shortage"—money.<sup>45</sup> By contrast to the *blat* practices of the Soviet South Caucasus, where imported consumer goods were often valued as "status symbols,"<sup>46</sup> the focus of the post-communist *blat* networks shifted towards employment, education, healthcare and politics. The evolution of *blat* networking re-shaped the "ends," services instead of commodities, while *blat*'s "means" remained unchanged.

In the absence of quantitative data on the scale of the present-day shadow economy in the South Caucasus,<sup>47</sup> it is hard to assess the spread of informal networking in the region as compared to the Soviet period. Yet, evidence exists that in other former communist countries, informal networking became more widespread and influential in the post-communist period.<sup>48</sup> Observers argue that the presence of a networking-culture and the well-developed resource base for informal practices combined with ineffective governance and economic instability lead to an increase of informal networking in the post-communist countries.<sup>49</sup> In the case of

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<sup>42</sup> Sampson, 129.

<sup>43</sup> Ledeneva, 2009, 3.

<sup>44</sup> Ledeneva., 4.

<sup>45</sup> Ledeneva.

<sup>46</sup> Altman, 4-19.

<sup>47</sup> The size and spread of the "shadow *blat*-economy" in the Soviet Caucasus was mostly measured in terms of the shares of private economic production. With the collapse of the command state-controlled economy of the USSR, private production could no longer serve as a measure of the "second economy" or provide a clue to the size or density of private networking.

<sup>48</sup> Endre Sik. 1994. "Network Capital in Capitalist, Communist, and Post-communist Societies." *International Contributions to Labour Studies*, 4: 73-93.

<sup>49</sup> Gibson; Rose.

the South Caucasus, these conditions mean the further entrenchment of *blat* practices. Nonetheless, despite differences acquired in the course of the past two decades, contemporary *blat* networking in the South Caucasus continues to resemble the informal networking of the Soviet period. For example, the all-Union survey, conducted by the USSR Academy of Sciences' Institute of Sociology in 1981 (Figure 6),<sup>50</sup> reported that 92.2 percent of the survey's respondents across the Soviet Union mentioned relying on family in a moment of need, while 86.1 percent also indicated reliance on relatives as a source of support.

**Figure 6. Assistance in a Moment of Need, USSR**

<b>Who offered you help in a moment of need? (%)</b>			
	<b>Almost never</b>	<b>Sometimes</b>	<b>Often</b>
Neighbors	27.4	40.3	30.4
Family members	5.6	8.6	83.6
Relatives	12.1	38.3	47.8
Friends	18.2	32.8	45.7

Source: See footnote 50.

Correspondingly, the Caucasus Barometer survey, conducted in 2008 in Armenia, Azerbaijan and Georgia, reports that, on average, 85 percent of respondents rely on family, 60 percent on relatives and around 50 percent on friends. Likewise responses to the 2010 Caucasus Barometer survey question in the South Caucasus on “what is the most important factor for success in getting a good job” are markedly similar to the 1981 all-Union survey<sup>51</sup> asking the same question of Soviet citizens (Figure 7). The majority of respondents to the 1981 all-Union survey mentioned support from family and relatives (62.9%), social life (78.4%) and reciprocity (95.2%) as important for a successful personal and professional life.

There can be no doubt that some dynamics of present-day *blat* networking transformed since the end of communist rule. For instance, private networks no longer have to operate in the shadow – while frowned upon in Soviet days, *blat* plays a central role in day-to-day inter-personal affairs in the contemporary South Caucasus. Its shift in priorities from commodities to services increased the value and importance of *blat*-connections and enhanced the costs and benefits of bonding necessary

<sup>50</sup> Joint Economic and Social Data Archive. 1981. “Sostoianie i osnovnye tendentsii razvitiia Sovetskogo obraza zhizni,” [http://sophist.hse.ru/db/oprview.shtml?ID\\_S=2137&T=m](http://sophist.hse.ru/db/oprview.shtml?ID_S=2137&T=m), accessed on August 25, 2012.

<sup>51</sup> Ibid.

to become connected to the system. Whereas in the Soviet Caucasus an individual with no influential kinship or friendship links could still reap benefits from *blat* in terms of procuring hard-to-find foods and durables, nowadays the lack of proper *blat*-contacts might be an obstacle to career development and education, as well as in many other areas requiring top-level pull. To be precise, while *blat* retreated from some areas it used to dominate in communist times, it has ascended to a much higher level – that of the elites. Although the “hand-shaking” culture was well-accepted among the ruling Soviet *nomenklatura*, it could not have guaranteed high-ranking positions within the communist party in the same manner that government positions are allocated in the present-day South Caucasus republics.<sup>52</sup> Apart from becoming more entrenched in kinship and growing more influential and political, *blat* networking might have undergone some other less notable changes, yet, in general post-communist *blat* retained an irrefutable similarity to the Soviet “economy of favors.”

**Figure 7. Most Important Factor in Life and Career, USSR**

<b>What do you consider important for a successful and happy life and career? (%)</b>				
	<b>Not important</b>	<b>Not very important</b>	<b>Important</b>	<b>Very important</b>
Support from family and relatives	11.1	24.7	40.9	22
Education	1.8	8.4	46	42.6
Contacts with “necessary” people	27	24.2	33	13.6
Social life	4.8	15.4	57.3	21.1
Self-concern	17.3	34.8	34.4	12.1
Responsiveness and reciprocity	0.7	3	47.7	47.5
Honesty	1.4	3.6	33.2	49.8

Source: See Footnote 50.

With the above in mind, it can be assumed that *blat* networking in the present-day South Caucasus is a Soviet legacy. And the evidence of that is the persistence of *blat*-culture, rather than its demise with the end of the communist era, its elevation into the elite level, and, most importantly, its ability to retain the majority of its characteristics. In addition,

<sup>52</sup> As based on family, kinship or clan linkages.

changes occurring in *blat* networking could be perceived as a part of the continuity process, which also involved, albeit only a few, changes from the Stalinist *blat* to Brezhnev-era informal networking. However, even though it is evident that the post-communist private networking is a legacy of the Soviet period, rather than a post-Soviet phenomenon, like many other continuous political and social processes, it has a life of its own. In other words, links connecting the present-day *blat*-culture to the Soviet past continue to become thinner, losing their obvious Soviet connections. Nevertheless, whether contemporary *blat* networks will retain their similarity to their Soviet forerunners or evolve into something new, their influence on the post-communist democratic transformation may not be dramatically different.

### Limits of Informal Networking

Regardless of their weaknesses, informal *blat* networks continue providing people in the South Caucasus with the most needed public goods – a function that neither governments nor NGOs are capable of performing efficiently. Furthermore, Ledeneva<sup>53</sup> and others<sup>54</sup> suggest that informal networks and the *blat* practices associated with them are not necessarily negative phenomena. Filling the institutional vacuum in post-communist societies, *blat* networks provide a wide range of services and commodities to their members who otherwise had to resort to illegal means of obtaining them. In contrast to NGOs and other organized forms of civil association, which are often perceived as alien, *blat* networks are trust-based and well-connected to local communities.

Ironically, in contrast to informal networks in many developing countries around the world, the private networks in the South Caucasus take almost no part in democratic processes or efforts to invigorate civil society. Two main explanations can be posited about why the interpersonal networks in the region are reluctant to support democracy. First, the networks' intricate and complex entanglement in kinship, clan, place of origin and ethnicity is often fundamental to defining their political allegiances. In such an environment, each individual's dependence on a network, rather than personal interest is a crucial criterion for making a political choice. Second, the *blat*-based structure of informal networks, which serves as an obstacle for bridging social capital and non-hierarchical horizontal communication between the networks, can also prevent dissemination of pro-democratic ideas and cooperation among the networks – a decisive factor for democratic consolidation.

Apart from their meager role in democratization, the informal

<sup>53</sup> Ledeneva, 2009, 5.

<sup>54</sup> Sik; Rose.

networks in the South Caucasus also fall short of addressing a whole range of pressing social issues. For instance, due to their reliance on *blat*-reciprocity, the informal networks are incapable of tackling corruption and patron-client relations, instead serving as an impetus for corrupt practices. Social protection, welfare, community support and education assistance services provided by informal networks are offered on an exclusive, selective and preferential basis. To put it simply, only the members of a certain *blat* network can benefit from the localized and small-scale community efforts conducted, if any are conducted, by such a network. Although, in contrast to the NGO sector, informal networks in the South Caucasus can boast popular participation, they fail at bridging social capital and transferring such capital from the private sphere into the public sector, a process that would encourage civic mobilization and the development of an independent, vibrant and pro-democratic civil society. While there is no doubt that the networks are more efficient than NGOs in providing a whole range of social services to the people, the public goods are distributed by informal networks selectively on an exclusivist rather than equal basis. Ledeneva confirms that the post-Soviet *blat* networks "...could hardly be considered as embryos of 'civil society'"<sup>55</sup> And the examples from China and Chile suggest that reciprocal networks, due to their reliance on patron-client relations, can pose a challenge to institution-building.<sup>56</sup>

This study concedes that the *blat*-based networks are effective at generating bonding social capital and that they are open to accumulating new contacts and adhere to trust-based relations. However, in the lack of bridging social capital between the networks, the bulk of public goods remain in the hands of ruling elites and family clans. In spite of performing a number of civil society duties, such as employment assistance, micro-crediting and community support, *blat* networks, due to their exclusivist nature are essentially incapable of facilitating civil invigoration or democratization. Besides, the contemporary *blat* networks are staunchly elitist, hierarchical, corrupt and unfavorable to the bridging of social capital. All these factors are clearly not beneficial for democratization and the development of a vibrant civil society. The persistence of *blat* also presents an insurmountable obstacle for the NGO sector and the informal grassroots civil society. Leaving aside *blat*'s elitist and exclusive nature and its involvement in corruption and clientelism, *blat* undermines the basic and the most intrinsic prerequisite of liberal civil society – voluntarism and not-for-profit action. Not only is *blat*-culture strongly materialistic and oriented toward financial gain, but also, with the exception of family *blat*,

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<sup>55</sup> Alena Ledeneva. 2001. 'Networks in Russia: global and local implications', in Klaus Segbers, ed, *Explaining Post-Soviet Patchworks: Transition from the Past to the Global*, Vol 2. Aldershot: Ashgate, 73.

<sup>56</sup> See Lomnitz; Gold.

it vehemently opposes voluntary activism and assistance to others without an interest of gain or profit. As a result, the work of genuine NGOs in the South Caucasus is often popularly perceived as for-profit activity, even when it is not. For example, respondents to the 2011 Caucasus Barometer survey on volunteerism and civic participation in Georgia appeared to be convinced that Georgian NGOs only support the interests of their employees (35%), government (24%) or foreign states, such as the USA (23%) or the European Union (19%).<sup>57</sup> It follows then that participating in the work of a NGO should be associated with financial gains and, absent such gains, membership and work for a civil society organization can be considered meaningless.

Accordingly, participation in voluntary activities is markedly low across the South Caucasus. Based on the data from the Caucasus Barometer representative surveys,<sup>58</sup> 78 percent of respondents in Armenia, 82 percent in Azerbaijan and 83 percent in Georgia stated that they did not participate in unpaid volunteer work during the last six months.<sup>59</sup> Apart from lack of participation in voluntary work, the citizens of the South Caucasus also have little involvement in charitable activities. As reported by the aforementioned Caucasus Barometer survey, held in 2011 in Armenia and Azerbaijan and Georgia, 77 percent of respondents in Armenia, 84 percent in Azerbaijan and 72 percent in Georgia mentioned that they made no contribution to a charity within the last six months. Yet, 65 percent of the Georgian survey's respondents said that they gave money to beggars on an occasional basis. This finding suggests that citizens of the South Caucasus, despite opposing institutionalized and regulated charitable work, are not entirely bereft of charitable behavior. While other assumptions can be provided to explain such behavior, this study suggests that it is participation in *blat* networks that prevents the majority from regularly participating in charitable or voluntary work: mostly because the unconditional assistance to strangers (non-network members) will render an individual unreliable and non-reciprocal. Thereby, it is evident that *blat*-culture has little hope of surviving if NGOs or non-*blat*-based informal networks are to occupy and dominate the public and private spheres in the South Caucasus. It is also plausible that if democratization is to occur and kinship-centered elites are to be replaced with popularly elected officials, *blat* will lose its eminence in the day-to-day life of the region.

<sup>57</sup> Caucasus Research Resource Centers. 2011. "Caucasus Barometer," Volunteerism and Civic Participation in Georgia, <http://www.crrccenters.org/caucasusbarometer/>, accessed on 18.08.2012.

<sup>58</sup> Caucasus Research Resource Centers. 2011. "Caucasus Barometer," Armenia, Azerbaijan, Georgia, <http://www.crrccenters.org/caucasusbarometer/>, accessed on 18.08.2012.

<sup>59</sup> For comparison, responding to a similar question in the World Values Survey (WVS) in 2008, 14.6 percent in the Netherlands and 39.3 percent in Italy mentioned that they do not participate in any voluntary work.

## Conclusion

This study has examined post-communist *blat* in the South Caucasus – an omnipresent social phenomenon, operating in diverse societal settings and irrevocably affecting the process of post-Soviet societal transformation. Whereas the specific characteristics of *blat* throughout the South Caucasus may differ from country to country, it operates on rather homogenous principles, inherited from the Soviet period. Contemporary *blat* networks in the South Caucasus appear to be more than a mere system for the reciprocal non-hierarchical exchange of favors. Rather, *blat*-relations are deeply entangled in family, kinship and the individuals' place of origin, which define the distribution of services among the members of *blat* networks. As a consequence, *blat* networks do not ensure the equal distribution of public goods – they are elitist and exclusive. Besides, they fail in providing bridging social capital, empowering democratic processes, serving as a system of checks and balances on the state, tackling corruption and assisting with employment or welfare on a non-exclusive basis. To date no qualitative data exist to prove the detrimental effects of *blat* on post-communist democratization and, due to its ambiguous nature, *blat*'s influence on democracy can hardly be measured quantitatively. While further research is necessary, this article argues that *blat* plays a central role in sustaining patron-client relations, and ensuring the persistence of kinship-centered and other hierarchical informal networks. The South Caucasus's *blat*-culture is also intimately interwoven with the widespread institution of corruption, crippling state-building and social transition alike. Regardless of whether the rampant clientelism and systemic corruption, intrinsic to post-communist South Caucasus societies, are fuelled by the culture of *blat*, the latter is deeply entrenched into former, and, therefore, is an inseparable part of informal practices in the region.

