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**Legal Informality and Debt-Based Trade in Uzbekistan. A Case
Study of Rural Ferghana Valley.**

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Abstract

Debt-based trade and economic exchanges are becoming more and more widespread phenomena in the context of most post-Soviet Central Asian societies, especially in Uzbekistan. In the absence of viable state economic support, a functional banking system and effective legal system, trust-based economic exchanges serve as an alternative means for conducting micro-level businesses in Uzbekistan. This debt-based trade in the example of agriculture involves a myriad of informal economic exchanges among various actors (1) *rassiychilar*¹, that is, micro-level entrepreneurs who export Uzbek agricultural products to Russian markets; (2) *dehqonlar*², that is, local farmers who produce agricultural products in their land and then sell them to brokers; (3) *brokerlar*, brokers or middleman who buy agricultural products from *dehqonlar*, and then resell to *rassiychilar*; (4) *fura arendatorlari*, that is, local wealthy businessmen who rent large trucks to *rassiychilar*, and (5) truck drivers, who drives local wealthy businessmen's trucks to Russia and help to facilitate the business of *rassiychilar*. The phenomenon of *rassiychilar*, which is the central focus of this research, is one of the intriguing examples of debt-based trade in rural Fergana, Uzbekistan.

Word Count: 10 110 words

¹ The word *rassiychilar* can be understood and referred to both trade and traders depending on the context of the sentence use.

² *Dehqonlar* - informal farmers who owns a small family farm, a plot of land within their house that grows and sells agricultural products. They do not pay tax for their products.

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Introduction

There have been extensive discussions within policy and academic circles on why major financial and economic reforms have failed in post-Soviet Uzbekistan. This thesis will engage with these scholarly debates by arguing that laws and policies are comprehensively written on paper but remain poorly implemented by the local authorities and that the state business law is not widely applied in practice due to the contradictions and discrepancies between government reform agenda objectives and socio-political and socio-economic realities. These processes, which entail a divergence between law in books and law in action, are particularly visible in Uzbekistan's agriculture-related business, specifically in debt-based trade practices between local farmers and business individuals in the Ferghana Valley, which exports agricultural products to the Russian Federation.

Rassiychilar is the main figure of this research, and they established their own way of doing business in Ferghana Valley based on debt and trust. *Rassiychilar* is a group of micro-level entrepreneurs who borrow (for later payment) agricultural products from local farmers/home-based farmers through brokers and export these products to Russian markets. The most interesting part is that these business exchanges are carried out without signing a contract or legal documents during the negotiation process. Instead of having written documents, they have a verbal agreement and handshake between the two parties. This type of agreement happens because of the importance of social norms, trust, religion and kinship in Ferghana Valley. The abovementioned activities help a large part of society make some profit, survive and keep their social status. However, most of the time, a debt-based business has drawbacks and negatively impacts society and leaves people in economic suffering.

The central argument of the research is to show that trust-based economic networks and debt-based trade in the example of *rassiychilar* serve as an alternative means of doing business in transition economies where the legal uncertainty and the non-transparent and inefficient economic system fail to reckon with the everyday realities of doing business. Moreover, this research explores the role of law and its implementation in Uzbekistan, where informality and trust play an important role in society's day-to-day life. Showing the informal practices in the specific case of Ferghana region will produce new knowledge about the existing debt-based trade and informal exchanges in the region and thereby contribute to a better understanding of the role of law and government trajectories in the region from a bottom-up approach. It will also contribute to scholarly debates on informality, informal exchanges, societies based on trust and debt-based trade, which is important for Uzbekistan and have broader relevance to other societies where informalities play an important role

Research Aim and Questions

The main purpose of this research is to explore the specifics of informality, Uzbek societies' trust and reciprocity practices, and how debt and trust-based trade serve as an alternative means of doing business in Uzbekistan, where the economic system fails to reckon with the everyday realities. Thereby this thesis contributes to academic debates on why there is a divergence between law in books and law in action and why economic processes failed in post-Soviet societies.

This research aim, in turn, leads to the following overarching research questions:

- 1) How do norms³, trust and reciprocity-driven practices shape rural Ferghana's micro-level business and entrepreneurship practices?
- 2) What empirical and theoretical implications do the study of informal, micro-level business practices in Uzbekistan have for understanding the role of law in non-Western societies?

Brief Outline of the Thesis

In my thesis, I planned to focus on informality⁴ in its entirety. However, my further readings on the literature led me to the conviction that there are plenty more issues that I need to include in my thesis. The structure of this thesis is as follows; the following subsections will give the background information for the reader about this research and will discuss why Ferghana Valley has been chosen for this thesis and who are *rassiychilar*. Then, the next session will provide a comprehensive literature review, highlighting informal economy and exchanges, debt-based trade, trust and informality. In the following section, I will present the study's theoretical framework by using the legal pluralism perspective, Eugen Ehrlich's "living law" theory and the "trust networks" concept by Charles Tilly. The next section of this paper will give methodological considerations. In the last section, I will present the result of ethnographic fieldwork conducted between 2021-2022 in Ferghana Valley, its analysis and implications of the ethnographic material and highlights of the findings for broader law and society debates.

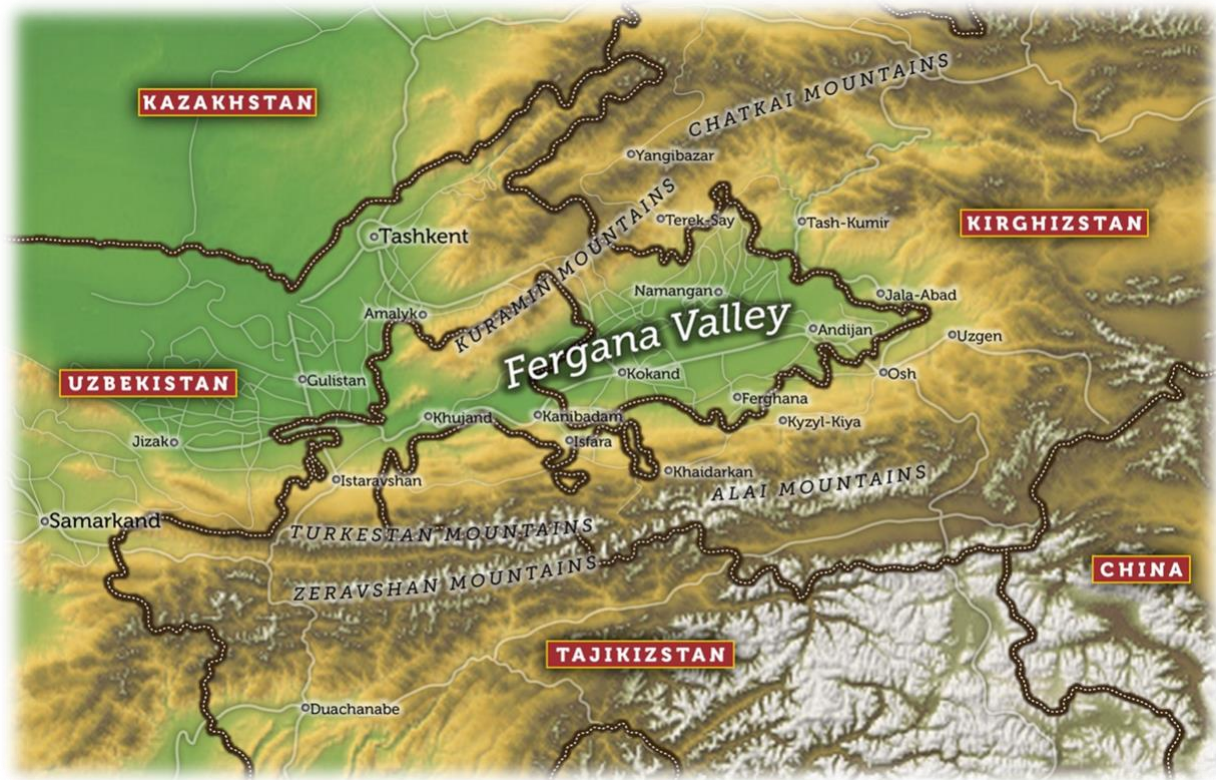
³ Norms are by definition informal. "Social norms are the perceived informal, mostly unwritten, rules that define acceptable and appropriate actions. within a given group or community, thus guiding human". (UNICEF, 2021)

⁴ Informality is an umbrella term that refers to practices which are not regulated by state or ideas that are obvious and well-known to people in certain context, nonetheless, nowhere written or nowhere formalized.

Background

The Context of Ferghana Valley

Figure 1. Map of Ferghana Valley. (Source: Olason. 2016) Online access via [https://www.behance.net/gallery/35405681/The-Ferghana-Valley-\(1-map\)/modules/222425023](https://www.behance.net/gallery/35405681/The-Ferghana-Valley-(1-map)/modules/222425023)



The Ferghana Valley an intermountain depression located in Uzbekistan and shares borders between the Tien-Shan mountains in Kyrgyzstan in the north and the Gissar-Alai mountains in Tajikistan in the south. Ferghana, as shown in Figure 1, is not a Valley in the strict sense but rather a large flatland surrounded by five mountains from all sides. It is one of the most densely populated areas of Central Asia. According to the Uzbek State Statistics Committee, as of October 1, 2021, Ferghana Valley forms an area covering 22,000 km² (8,500 sq mi) and second most significant populated region consisting of 3,931,100 people, following Samarkand with 4,060,300 people. Ferghana Valley is famous for having fertile land compared to other regions in the country. Therefore, agriculture has been practiced for many centuries. This is one of the many reasons why people in this region engaged in agriculture-related businesses.

Moreover, the Ferghana Valley is considered one of the most politically unstable, densely populated, and impoverished areas of Uzbekistan, where everyday life is a constant struggle for survival, controlled by social norms and informality, and where rural unemployment has been problem for the longest time. (Urinboyev, 2016, 2018). The lack of

jobs in the region led many people to make their living and to ensure their economic well-being through alternative ways of doing (informal) economic activities outside of state systems (Turaeva, 2014).

According to the State Statistics Committee of Uzbekistan, Uzbekistan exported 1.1 million tons of fruits and vegetables in 9 months in 2021. Among the countries where Uzbekistan exported the most fruits and vegetables, Russia ranked first with a 33.1% share and Ferghana being the most exported region (Merchandise trade, Stat.uz, 2022). Even during the Covid-19 pandemic, the direct delivery of fruits and vegetables to the Russian Federation increased by 42% in the first four months of 2020 (ibid). According to statistics analysts, the abovementioned figures talk about directly delivered products to Russia. Fruits and vegetables of Uzbekistan brought to Russia through transit from third countries (e.g., Kazakhstan) are not always reflected in Russian import statistics as "imported from Uzbekistan". Moreover, my research shows that most of the exports by *rassiychilar* are not included in official statistics as they export their products in an informal way. Having many *rassiychilar* with different business ethics, social norms, and informal activities are the main reason why Ferghana Valley has been selected for this research.

The Context of Debt-Based Trade; *Rassiychilar*

One of the intriguing examples of debt-based trade in rural Ferghana is *rassiychilar*. This debt-based trade in the example of agriculture export involves a myriad of informal economic exchanges among various actors, locally and transnationally. The main actor in this type of trade is *rassiychilar* – a group of micro-level entrepreneurs in rural Fergana who borrow (*nasiya*) agricultural products from local mini-farmers/home-based farmers through brokers and export them to Russian markets. For someone to be *rassiychi* and start this business, there is no need to have a government certificate or legal document. 'Two main things are needed; money and the ability to take a risk,' says one of the *rassiychi*.

There are also other actors involved in this process to facilitate *rassiychilar*'s business. *Rassiychilar* cannot find the necessary amount of products in a short time, so they need to work with *brokerlar* (middleman), who brings fruits and vegetables from local farmers. Brokers' main duty is to borrow agricultural products in large quantities from local farmers and give them to *rassiychilar*. Brokers get products from local farmers in the form of debt for two weeks up-to a month or more until they receive money from *rassiychilar*. If brokers get their promised money successfully from *rassiychilar* then they will give due money to those local farmers. The most interesting part is that there will be no written contract or legal document during these

transactions between *rassiychilar* and *brokerlar*, and brokers and local farmers, even if they don't know each other personally. Handshake between them supersedes the contract, and they only exchange phone numbers.

There are at least 3-4 people in each group of *rassiychilar* or *brokerlar*. Each group member of *rassiychilar*/brokers has a different task depending on their ability. An accountant deals with money and write down all income, outcomes, and daily expenses, another one deals with finding working ladies and school boys⁵ for packaging products, other group members deal with *rassiychilar* and find good quality fruits and vegetables from local farmers in villages.

Another actor in this trade is *dehqonlar*, informal farmers who produce agricultural products on their land and then lend them to brokers. They own a small family farm, a plot of land within their house and grow and sell agricultural products. In the eyes of the government, these local farmers are considered small businesses and private entrepreneurs, and are exempted from paying taxes. "*Local farmers prefer to sell their products to familiar brokers*" says one of the farmers. If brokers disappear or do not give the money on time, local farmers can visit brokers home and demand their money.

Moreover, since there is no written contract between the two parties, it is better for local farmers to give their products to someone they know because, in the end, broker/*rassiychi* will return the agreed amount of money, feeling of obligation because of existing social norms. They do not want to lose their honour in front of their neighbours and friends. Nevertheless, sometimes it may take quite a long time to receive their money back if there is bankruptcy among *rassiychilar*. Moreover, because of not having a legal contract, local farmers can not demand their money legally if *rassiychilar* faces bankruptcy.

After receiving ready products from brokers, *rassiychilar* export ready products to the Russian bazaar (markets) through the neighbor country Kazakhstan. In this process, *rassiychilar* needs to rent large trucks from wealthy businessmen, known as *fura arendatorlari*. Wealthy businessmen rent their large trucks to *rassiychilar* for approximately two weeks. Renting price is different depending on the season and product; for example, in springtime 3500-4000 thousand US dollars for cherry export, in summertime 2000-2500\$ for grapes and other products. Their prices also include the driver, who drives large trucks from Ferghana Valley to Russia and returns to Ferghana. A wealthy businessman gives 500\$ to the driver for a round-trip ride. If anything happens to products on the way, *fura arendatorlari* and driver will

⁵ Working ladies and school boys are the main people who will be hired by brokers. Ladies are mostly unemployed in this region, due to unavailability and difficulty of getting jobs because of their gender. Moreover, ladies and school boys are the cheapest labour.

be responsible. Because of this responsibility, wealthy businessmen hire drivers from their relatives or those closest to them in kinship. The only actor in this trade who does not deal with debt is *fura arendatorlari*. They receive their payment before they rent their trucks.

Literature Review

The role of a literature review is very crucial in academic work. In order to situate my research within a broader view, in this section, I will review the relevant literatures on informal economy and exchanges, informality, debt-based trade, trust, and thereby show the contribution of my work to them. As Hart (1998) notes, the literature review enables researchers to justify the relevance of particular theoretical approach, select appropriate research methods and address the research gap. Based on this understanding, I have conducted the review of literatures that has relevance to my thesis and research questions in the following order: first I will present literatures on informal economy and exchanges, secondly, literatures on informal institution “trust” will be presented and lastly, the literature of the concept of “*tirikchilik*” will be presented in the example of mobile entrepreneurs.

Informal economy and exchanges

The informal economy, just like the formal economy, involves the occurrence of exchanges that services and goods can be traded and bartered for nonmonetary compensation. In the economy, exchanges include the marketplace where derivatives, commodities, securities and various financial instruments are exchanged. In the informal economy, earned income mostly goes untaxed and/or unprotected. People may decide to carry out self-provision to manufacture and use necessities through their unique resources of their households even when these products are already in the market and available for buying (Ledeneva, 2009). There are many kinds of unrecognized exchanges that occur in the informal economy and create value “under the table”. There are certain societies where the informal economy forms the most significant economic activity mode. According to research by Williams & Nadin (2010), “the inability of societies to develop effective, low-cost enforcement of contracts is the most important source of both historical stagnation and contemporary underdevelopment in the Third World”. The informal economy is not regulated by laws, and this is what contributes to massive rust issues in the economic system. This is very dominant in developing nations, wherein most of the people participate in various activities of monetary exchange outside state supervision, cash economy or any formal regulation (Routh, 2021).

The term “informal economy” first appears in Keith Hart’s (1973) anthropological study of Frafras group in urban areas of Ghana examining the irregular economic activities of the low-income section. According to Hart’s study Ghanian urban income opportunities are divided into 3 sections;

- *formal earnings*, which are public and private sector salaries, pensions and unemployment benefits,
- *informal earnings (legitimate)* which are farming, shoemaking, manufacturers of alcoholic drinks, market gardening, street hawking, barbers, begging, etc.
- *informal earnings (illegitimate)* which are petty theft, prostitution, protection racketeers, bribery and smuggling (Hart 1973).

As mentioned before, informal economic activities are much prevalent in developing nations, but this is not limited to developing countries. Many economists and sociologists who have done research on labour markets argue that the informal economy is also evident in first world post-industrial and industrial economics. The parallel, subterranean, underground, grey, hidden, unofficial, underground, black or shadow economies are terms used to refer to informal economies witnessed in both developed and underdeveloped countries, rural and urban, third world and first nations and anything in between (Hart 1973, Sankaran 2006, Ledeneva 1998).

Informal exchanges are also possible through social networks founded in cultural institutions like family, friendship, and other relationships where trust and loyalty are the fundamental principle. Almost all studies concludes that it is difficult to draw a conclusion whether informal economy is a hindrance or help to development.

Informal institution “Trust”

Trust or confidence is a culturally determined social concept, main component of social solidarity and its meanings is applied differently and varies in each society in different situations (Lomnitz 1977, Simmel 1964, Akerman 2001, Lomnitz & Sheinbaum 2004). Various examples that can be based on trust include; creditors are loaning debtors money on future repayment promises, employers hiring workers to carry out tasks that are challenging to measure, and savers depending on banks to keep their money safe.

Trust is considered one of the important informal institutions. From the recent and historical evidence, the theme of trust always accompanies the issue of an informal economy (Lomnitz & Sheinbaum 2004). The long-term success of the economy is attributed to the interpersonal trust and social norms within particular democracy. According to Lomnitz and

Sheinbaum, trust is defined as “real psychosocial distance between individuals” and it is related to social closeness in the sense of having common values and interest, as well as the same categories of expected rights and obligations (ibid). Trust also has the potential of impacting the economic performance of a country through the "macro-political" and "microeconomic" channels. At the level of “micro-economic”, interpersonal trust along with social ties can reduce costs attributed to contract enforcement and transaction costs and avail credits to the level of individual investors (ibid). At the “macro-political” level, trust underlying social cohesion may solidify democratic ruling, boost public administration honesty and efficiency and improve economic policy quality. Trust is directly related to informality in the economy. Informality in the economy results, when an economy experiences a broad number of workers, jobs, enterprises and various economic activities that are not protected or regulated by the state. This concept started with the issue of self-employment within small businesses that are unregistered (ibid).

In the study of China’s agricultural export by Chen and Qi, trust as an informal institution have a great important role in transaction since this study has focused on the level of transnational (regional) trade of China and its trading partners. They concluded that the higher level of trust impacts economic growth of China’s agricultural export, increase production inputs, encourage productivity, reduce the volume of transaction costs, whereas low trust is a barrier to trade development that leads to the increase of transaction costs and hinders export development (Chen and Qi, 2022). They proposed that in order to promote the growth of Chinese agricultural trade, their government should move forward to raise the quality of formal institutions along with attaching an importance on the creation of informal institution of trust, and strengthen societal trust for the advancement of agricultural trade. Existing research focuses mainly on the impact of trust on international trade between China and its trading partners in agricultural trade, whereas in the example of *rassiychilar* trust and transactions take place locally among few actors.

Many of the literatures specialized on the post-Soviet societies describes the most common type of economic activity within the “shadow” or “secondary” economy, for example; professional and technical services provided outside working hours, goods produced in factories but intended for private sale and different types of bribery and often informal exchange of favours and products based on interpersonal relationship and trust (*blat*) (Grossman, 1977, Kaiser, 1976, Lomnitz & Sheinbaum, 2004). *Blat* is “an informal exchange system based on interpersonal bonds of trust by which individuals solve their daily lives’ problems” (Lomnitz & Sheinbaum, 2004 quoted by Ledeneva, 1998). *Blat* is reciprocal exchange that builds

relationship of trust over time, and it is a non-monetary exchange that is based on mutual respect and understanding, and it takes place within a specific community between people who interact regularly. The particular nature of blat as an exchange of “favors of access” is possible because it is embedded in trust based social networks (Lomnitz & Sheinbaum, 2004).

Mobile entrepreneurs and the concept “*tirikchilik*”

The post-Soviet space, especially Uzbekistan is a good platform for analysing the concept of mobile entrepreneurs, informal economy and trust networks. The informal economy became a big part of the post-Soviet period since the period was characterised by a general formalisation of the lifeworld, society and state (Turaeva, & Urinboyev, 2021). Turaeva (2014) in her study identifies the practices of informal economic activity of Uzbek migrant mobile entrepreneurs in Russia. Mobile entrepreneurs' informal economic practices create an order named in local term *tirikchilik*. *Tirikchilik* is an Uzbek term used to describe the act of informal economic activities and it is translated as “muddling through” or survival, which refers to a person who is not involved in state employment rather any private business activities outside of the state system (Turaeva, 2014). *Tirikchilik* includes a variety of economic activities, including trade, service delivery, intermediary services, finding a job and any other type of businesses that bring about some cash. *Tirikchilik* rules are regulated by obligations, norms, beliefs and social orders, and influenced by friendship, relationship, kinship and other relations based on power, dependency and trust networks (Turaeva, 2014). Mobile entrepreneurs and migrants in Russia and in Uzbekistan organize their informal economic activity within their trust networks. Turaeva (2014) in her study gave the example of 26 years old guy Madrahim, who organized a construction team in Moscow’s countryside and bring his fellow Uzbeks who is willing to work in construction site in Moscow. He hires (no formal contract) people in Uzbekistan and brings them to Russia in a bus, placing at least ten people in a small room. Madrahim also makes their documents, but these documents are all fake, and he advises them not to go out often and avoid police checks as possible. Upon hiring them, no legal document nor contract is involved, and all procedures are based on trust. Turaeva adds that there is no legal contract between migrants and Madrahim, but verbal agreements, in which, trust and religion play a vital role in such agreements. As Madrahim quoted, “in our work, nothing can be achieved without trust. In our work, in general, be it concern for money, documents or the work itself, without trustworthy persons nothing can be accomplished” (ibid).

Informal economic activity and informal solutions are the results of the level of formality and formal system’s inability to meet societal needs. Informal activities and solutions

would not be as prevalent if the formal systems could provide and distribute the services and goods that every member of society needs. Informal economy and activities help a large portion of the population to survive and maintain their status. On the other hand, such activities also have drawbacks for society since they tend to exacerbate injustices and promote dishonest business dealings, and may lead to the creation of powerful groups in society. In general, informal activities negatively impact society as they will not improve the system's overall efficiency (ibid).

Theoretical framework

My theoretical starting point is based on the argument that debt-based trade emerges from informal economic activities, existing social norms and ways of thinking concerning the law and accepted business transactions between individuals. Analysing these informal and debt-based trades requires a distinct socio-legal lens to understand why informal business exchanges serve as an alternative means for conducting micro and meso-level businesses in Central Asian countries, especially in Ferghana Valley. The distinctive feature of this research is thus a reconceptualization of trust-based economic exchanges from a broader socio-legal perspective, exploring why *rassiychilar* organizes debt-based trade and carries out informal economic exchanges and not follow formal ways of doing business despite the state having business laws and regulations. My theoretical framework is built on legal pluralism framework and Eugen Ehrlich's theory of "living law", complemented by the "trust networks" concept.

In formulating a socio-legal framework, I will draw on the legal pluralism framework, which is critical in understanding how people and societies operate in social fields consisting of multiple legal systems. Legal pluralism emphasizes that it is a situation in which more than one legal system coexists in the same social environment; nation-state law, religious laws, moral codes, customs and traditions, and social norms. (Griffiths, 1986, Merry, 1988, Moore, 1973, Urinboyev 2019). Another way of saying is that state law exists along with other legal orders in society. According to Benda-Beckmann and Turner (2018), plural legal systems are practically common in former colonial states, where legal systems left behind by colonial governments may be coexisting with conventional legal systems. However, Merry (1988) posits that "legal pluralism" can also be found in states that might originally appear to be legally homogenous, even though the rule of law is usually portrayed as being established and administered by states. Benda-Beckmann and Turner (2018) suggest that individuals, societies, and even states can make their own choices in a social field where a range of legal systems exist. From a legal pluralism framework, informal transactions/informal exchanges may be

classified as non-acceptable from state law, but considered as acceptable practices according to social norms and traditions of the society.

According to Benda-Beckmann and Turner (2018), non-state legal orders exist in almost every state alongside state legal systems. These non-state legal orders are neither formally recognized nor sanctioned by the states but existed alongside the state-sanctioned ones. In many other states, family and particular property matters are governed by specific laws for different ethnic and religious groups. Benda-Beckmann and Turner (2018) depicted that legal pluralism also exists in the form of quasi-state legal orders. For instance, some states have incorporated local power-holders or the common customary chiefs. Perhaps, the practice entails combining stated legal orders with customary law, which depicts "legal pluralism." Merry (1988) notes that there are always specific functional linkages between state and non-state legal orders.

“Living Law” theory

Eugen Ehrlich’s theory of “living law” helps to understand how people and groups organize their daily life and cope with challenges in the absence of state law. His theory is a useful tool when studying legal pluralism and to understand how society is functioning with its unwritten rules. Ehrlich (2002) differentiates between state law and “living law” — informal, unwritten norms and practices produced by various communities and individuals. According to Ehrlich, state laws do not work as expected, and they often fail to meet people’s expectations rather; it is a ‘living law’ (unwritten set of rules) that works successfully as they seem more fair and just than the written laws of the state. In order for the ‘rules’ to become a part of the ‘rule of conduct’, they should seem fair to people and be part of social life. In this regard, the ‘living law is a set of unwritten rules produced by various social groups in society, and it does not have a direct linkage to and emerged from the state laws and is not in legal propositions (Ehrlich 2002, Banakar 2008, Urinbojev 2013). Ehrlich suggested that if we want to understand the ‘living law’ we must observe everyday social interactions and activities, not the legal texts or policies of the state. In Ehrlich's view, the patterns of the "living law" can be observed in everyday life situations, people's informal trade practices, relations of domination of social norms over the state law and actual habits of people.

In scientific literature, Ehrlich has been subject to harsh criticism, for instance, for defining the concept of law vaguely, using the terms law, state law, living law, juristic law and social law without their adequate definitions. (Nelken, 1984, Hertogh, 2009, Nimaga, 2009, Urinbojev, 2013). Nelken suggests to develop Ehrlich’s ideas from theoretical view and notes

that it needs to be provided a clear difference between the norms of the “living law” and other norms (Nelken, 1984, Urinboyev, 2013).

Despite its shortcomings, Ehrlich’s “living law” is fundamental in law and society debates and helps to understand the difference between formal and informal legality in the context of Uzbekistan, where state laws are weakly implemented, and social norms dominate society. Armed with the concept of ‘living law’, it can be argued that there is a need to study the ‘living law’ of society, if we want to better understand how micro and meso-level informal businesses are organized. This is one of the reasons why “living law theory is important to my thesis.

Trust networks

There is no legal obligation such as a contract among *rassiychilar* and broker and local farmers nor other written agreements, only a handshake serves as a contract. The handshake as a contract shows the importance of trust among these business actors. Within the trust networks, moral conduct and obligations are expected, this is not only limited to trust but also religious beliefs, kinship obligations, loyalty, responsibility and collective identification. (Turaeva 2014, Lomnitz, & Sheinbaum, 2004). All of these factors contribute to the development of what Charles Tilly called “trust networks”. The trust network idea is based on a group of individuals who get connected by the same interests and ties and whose association gets some risk from the particular individual member's failures, mistakes and misconduct. Therefore, trust networks are made of strong interpersonal connections, which are in their turn made up of solid ties within which individuals establish long-term, substantial, valued resources and business at risk of member's failures, mistakes or malfeasance. According to Tilly “trust consists of placing valued outcomes at risk to others’ malfeasance” (Tilly, 2005). Muldrew (1998) considers trust an important part of social relations. He highlights the importance of religious commitments, kinship obligations, loyalty, responsibility and neighbourhood in informal economy, especially in risk-taking transactions and says that in informal economic exchanges gaining trust within trust networks helps them to run their businesses and make a profit.

When people hear the word "trust", they frequently think of how they feel about other people or institutions. Moreover, Luhmann claims that familiarity is one of the preconditions for trust (Luhmann, 1979). Gefen explains trust as “the confidence a person has in his or her favorable expectations of what other people will do, based, in many cases, on previous interactions” (Gefen, 2000). Luhmann explains that trust and familiarity complement each other but they don’t have an equal importance; because trust is complex and risky, and is always based on the unknown and possible future actions of others and familiarity reduces uncertainty.

In business transactions trust has considerable effects and may reduce the long negotiations and transaction costs, remove having contracts between parties, increase the acceptance of interdependence and the quality of overall business relationship (Gefen, 2000). Among Uzbek migrant mobile entrepreneurs in Russia trust networks are structured hierarchically, and having a higher status among them, knowing more people, and understanding them and most importantly maintaining trust helps them to gain more economically (Turaeva, 2014).

The above-mentioned theoretical frameworks tell us to move away from a state-centered approach and focus on existing social norms in society to understand how trust and reciprocity-driven practices shape the business environment in the rural areas of Uzbekistan.

Methodology

The main methodological approach in this research is qualitative, based on interview materials collected during ethnographic fieldwork. Ethnography in its most characteristic form, involves the ethnographer participating, overtly or covertly, in people's daily lives for an extended period of time, watching what happens, listening to what is said, asking questions- in fact, collecting whatever data are available to throw light on the issues that are the focus of the research (Hammersley and Atkinson 1995, p.1). Ethnographic fieldwork was conducted in Ferghana Valley, Uzbekistan, between two periods; the first fieldwork was conducted from July 2021 to August 2021. I was in Uzbekistan during this period, preparing to come to Sweden to start my Master's degree. Since I always had a great interest in researching informality and debt-based trade in Ferghana Valley, I had started collecting data for my future thesis. My second fieldwork has been longer than expected, because of Covid-19 restrictions and the availability of online lectures. My initial plan was to travel to Uzbekistan for winter vacation and return to Sweden, but all lectures and seminars suddenly moved to online teaching. Then I decided to prolong my stay to collect more data, which was from December till mid-February.

The methods applied for data collection were semi-structured interviews, informal interviews, and participant observation. Language skills are crucial when doing fieldwork and conducting interviews, and my Uzbek language skill was a great asset throughout my data collection.

During the first period of my fieldwork, from July to September, I familiarized myself with sites and the existing social norms within this type of trade through observations and friendly conversations with the local people of Ferghana Valley. Geertz argued (1973) that communication and interaction with local people are essential aspects of the ethnographic research method. In this respect, I have joined as many social meetings as possible. These social

gatherings were crucial for meeting new people and asking questions. By doing so, I could observe everyday life and have a conversation at a friendly level. These conversations mostly took place in tea houses and bazaars with local farmers, brokers and who practiced being *rassiychi* in the past.

I also had a chance to visit and observe places where these exchanges took place. Participant observation strategy is one of the best techniques for collecting firsthand data as it allows one to explore complex social phenomena by living and experiencing the same environment with the local people for an extended period of time (Hammersley & Atkinson, 2007). Physically being present in the field for the first time (from July till September) gave me a chance to observe the daily meetings and dealings of *rassiychilar* with brokers, and brokers with local farmers. By doing so, I observed everyday exchange activities, and I was able to discuss the topics and ask questions at a friendly level. These friendly chats helped me to get along with people and to gain their confidence. I conducted nine semi-structured and open-ended interviews with four *rassiychilar*, three trade brokers and two local farmers. Through interviewing *rassiychilar* it was also possible to get necessary information about how they deal with customs officials, protection racketeers, police bribery in Kazakhstan, and bazar owners in Moscow city. Before starting interviews, I have prepared a pre-determined set of open questions that can be discussed with informants in more detail. In this way, respondents could talk from their experiences and knowledge without guidance from the researcher (Longhurst, 2003). Both types of interviews went well, and it was in a friendly and flexible manner, respondents changed the themes and told some issues that they thought were more relevant and important.

During the second period of the fieldwork, from December till February (this period is called "end season" or "distribution of profit/loss"), a total number of 8 interviews have been conducted with two *rassiychilar*, three brokers, two local farmers and one truck driver. All interviews focused on such questions as the exchanges of agricultural products for debt, the importance of trust, social norms, the perceived role of the state and its laws and unwritten laws of society. Interviews with two *rassiychilar* took place in their offices, five interviews took place in local farmers' houses while local farmers gave their products to brokers. Along with interviews, I also had a chance to observe their dealings, meetings and exchanges. The interview with the truck driver took place in a gas station when he came to fill his car's tank.

Based on my previous experiences and living experiences in Uzbekistan, it would be challenging to access those businesspeople, gain their trust, and get the correct information. Most interviews were formal since I was not from that area, nor did I have some ties with the

people I was interviewing. In that situation, accessing potential participants through a gatekeeper ensured me obtaining rich and quality research data and sites. People in this village did not welcome me very warmly, because I was not familiar to them nor from that area. When I tried accessing these people by myself, I felt an invisible barrier between them and me, and I hired Odil as my gatekeeper, my close network from Ferghana Valley. He was my gatekeeper to finding and organizing interviews with *rassiychilar*, brokers and local farmers because of his connection and previous experiences. In the past, he also tried to become *rassiychi* and failed many times in this business. He played the role of the bridge that connected me to them.

Overall, four months, from July to September 2021, and from December 2021 to February 2022 sufficed to collect the necessary data and its analysis to justify the research and get answers to research questions. A thematic analysis method is deployed to analyze the collected data. This method helps researchers identify and analyze patterns, code the data, choose relevant themes, and report findings in a structured manner (Braun and Clarke, 2006, p.202-204). I have followed Braun and Clarke's 6-step thematic analysis method, which are familiarizing with the data (step 1), generating initial codes (step 2), searching for themes (step 3), reviewing themes (step 4), naming the themes (step 5), and lastly writing the manuscript (step 6). I have transcribed all interviews after each interview and almost all interviews lasted from 30 minutes up to 2 hours.

Ethical considerations

Having all these details in mind, I formulated questions for the interviews and conducted them carefully in accordance with ethical considerations. Ethical requirements are highly considered while conducting fieldwork, before and after interviews and while analyzing data. The data which has been collected for this research were open and honest for participants, and it ensured the confidentiality and maximum anonymity of the places and informants, safety and dignity of all research participants, names of the informants and villages were changed, and only general information about the field site is provided. All participants were fully informed of the nature of the research, and upon their consent, photos were taken, and interviews were conducted and recorded.

Almost every evening, I wrote down all the notes I took during the day. Photos and interviews have been kept secure and uploaded to Lund Universities Secure Cloud Content Management portal "LU Box".

Empirical Material and Analysis

Fieldwork context: Mevazor village

Mevazor⁶ is a village (*qishloq*) in the Ferghana Valley, where I conducted my fieldwork. Mevazor consists of 30 *mahallas* (neighborhood communities), each *mahalla* contains from 150 to 250 households (*oila*) and the village has a population of more than 25,000 people. Agriculture plays a vital role in the economy of Ferghana, and it provides more than 27% of the GDP of the population. Mevazor village has long been known for its unique grape production and this is the main income generating activity along with cucumber and cabbage production, cattle breeding, *mardikorchilik* (daily manual labor), *rassiychilik* and brokerage. In addition to agricultural production, village people are heavily dependent on migrant remittances, and many male members of village families go to work in Russia while some female members find work in Turkey.

During my stay in Mevazor village, I have observed that local farmers use any space they own sparingly, meaning that even if the household has a space of 3 square meters, they will use it to produce grapes or other agricultural products as in the following photos.

During my first visit to Mevazor village (in 2021), I spent some time for observation and obtaining more information regarding the business of *rassiychilar* at various places. Such information could only be obtained at such gossip-hotspot places as *choyxona* (teahouses) and *guzar* (village gathering place). Men often gather in these places and discuss economic problems, corrupt politicians and difficult living conditions in Uzbekistan.

Ahror, a 26-year-old, complains: *“Life is becoming more difficult day by day. Everything has become expensive. Only those who work in a high position at government jobs are living their life and enjoy spending the budget (money). This year I produced 1.5 tons of grapes and sold it to one of the rassiychi through brokers, but I still didn’t get my money from them. It has been three months now. There is no one to complain about. I pray to God that I can get my money this year, otherwise I need to go abroad for work to finish the construction I started”*.

When observing the everyday life of village people, I realized that societies’ living laws; social norms, religion, people's trust in each other, and social status of people shape business practices in Mevazor village and leave people at economic risk.

⁶ Village’s name has been changed



Photo 1. Street grape production. Outside of the house. Photo from Mevazor village in Ferghana Valley, 2022.



Photo 2. Grape production inside the house. Photo from Mevazor village in Ferghana Valley, 2022.

Debt-based trade – Risk-based trade (*rassiychilar*)

In the financial world, high risk makes the loss more likely, the opposite, low risk makes it less likely (Moore 1983). Economic profit or gain is impossible without taking risks. Risk is about uncertain future happenings, and it implies some degree of unpredictability and inability to control the outcome of an action. Sometimes possible risk will pay off and the desired outcome will happen, but other times there will be failure and bankruptcy. In the business context of *rassiychilar*, debt-based trade is almost synonymous with risk-based trade. They always take high risks and start their business without planning and without even thinking about the end. No one knows what the outcome of their started business will be at the end of agricultural season. For example, we can see how difficult it is to run this business in the case of Sulton. He has many years of experience and knows this business's ups and downs, but he is never sure if he will make a profit this year because it is based on risk and debt. Most of the time, *rassiychilar* have to sell their properties or cars to pay off their debt, and this is what happened with Sulton.

Sulton, a 37-year-old rassiychi: The most important thing, more important than money, is ability to take risks in this business

“Thank God, it has been 11 years since we started this business, and we are still in it. This business is always based on risk, all you have to do is to take a risk and start. Sometimes we make a profit, and sometimes, we lose money. For example, there was a year with 80.000\$ (US dollar) losses. We were four people in the group at that time, and we divided the loss according to our share and paid all our debt. My share was 20.000\$, and I sold my car and my apartment to pay off my debt. Thank God I had an extra apartment, otherwise, it would be difficult to walk freely on the street. Thankfully, my friends in the group were trustworthy and God-fearing people, and they also had paid off their debts. If they left the country without paying their debts, I would have to pay all debts by myself”.

“*Tirikchilik*” - Survival for Making a Living

Not succeeding in this business leads to many difficulties for *rassiychilar*, especially when a person is a newcomer or lacks experience. Many people start this business for *tirikchilik* reasons. *Tirikchilik* has been explained in the literature review of this research, the act of informal economic activity, which is translated as “survival”, any activity which brings profit. Sobir’s case is in line with the concept of *tirikchilik*, as he joined the group of *rassiychilar* because he needed to making a living for his family’s survival, on top of it, he had the responsibility of getting his son married. Almost all people in the group were newcomers, they

did not have much experience, and at the end of the export season, they did not succeed in their business. Sobir had to sell his small land to get rid of his debt, on top of it, his son's wedding is also postponed for another year. He explains his situation as follows:

Sobir, a 49-year-old rassiychi; I think I will never take a risk of being rassiychi again, this is the second time I am being rassiychi, and I lost again

“This year I needed to start building a house and have a wedding party my son. Because of these expenses, I decided to join my friend's group of rassiychilar to try my luck. Last time, I tried being a rassiychi in 2020, everything was good initially, but our accountant miscalculated everything, and he spent almost all the money for his desire, and we paid off significant debts. From beginning, was aware that it was a risky decision to start this business again.

We borrowed products from local farmers and promised to pay them back for no more than three months. At the beginning of the season, we made a good profit from cherry export. We did not divide the benefit, instead we continued with grape export. Every time our grapes arrived in Russia, the price dropped, and in the end, we did not benefit from grape export. At that time, we stopped exporting and divided the loss equally among our members. I had a share in half of the profit, and I had to pay 6.500\$ to local farmers. I had a small extra land on the outskirts of the village, I had to sell it to pay off my debt”.

Social Status – “Car Culture”

Besides *tirikchilik* reason/survival for making a living, other factors need to be analysed of why people take such a risk to start this business even though they are fully aware of the consequences. Societies' living laws, unwritten rules motivate these people to take such risky decisions and to continue their risky businesses. I have observed that in the village, money is not everything, reputation, fame and respect are equally important (Urinboyev, 2019). "Car culture" is widely spread throughout all regions of Uzbekistan, and car is considered a symbol of social status. If a person owns an expensive car with many imported features, people assume that this particular person is rich and has high status in society, and these car owners needs to be well-treated and respected. On the contrary, people's treatment will be completely different, if someone has an inexpensive car. Each type of car, its size, price and model have a different reputation attached to it, and people buy cars depending on how people will treat them. Because of this reason, *rassiychilar* also drives expensive cars to gain people's trust and show themselves as rich and successful business people. The following interviewee tells how one of his close friends runs his business and has to keep his reputation high in people's eyes.

Anvar, a 35-year-old close friend of rassiychi in Mevazor village: rassiychilar's image and status are important part of their business

"I know for a fact that Olim (Anvar's friend) has a debt of 180 million Uzbek sums (roughly 16,000\$), and his business is at the edge of falling. Despite having debts, he continued to receive and export products. He brought a second-hand Chevrolet Malibu car from nowhere. He bought this car for 32,000\$ from car sellers with the condition of paying in instalments in 3 years. But some months later, the car was taken away from him for not paying anything. After that, he drove a Chevrolet Captiva for a while, this car also disappeared after some time. He drives expensive cars and eats in luxurious restaurants to look rich so people can see that his business is going well, but unfortunately his business is already collapsed".

Social Norms; Trust and Religion

Local farmers do not have other options than selling their products to *rassiychilar* through brokers. There are no alternatives for local farmers, nobody exports to Europe or other parts of Asia, and prices in the domestic market are quite cheap. When I asked *rassiychilar* why they don't export products to Europe, they gave list of problems: difficulty to get to Europe, requirement to get certificate for products, difficulty to cheat on documents, lack of refrigerators for keeping and delivering fruits for four seasons. They said that they prefer Russia because of the possibility of solving problems easily through informal ways. This means that the only hope of local farmers is that *rassiychilar* needs to do well in their business.

What binds *rassiychilar*, brokers, and local farmers together in this business is their trust in each other. Their informal exchanges are built on trust, and they would only be able to run their business if they trusted each other. In photo 3, it can be seen *rassiychilar's* business transactions with brokers. *Rassiychilar* are receiving ready-packed fruits from brokers, and interestingly, their exchanges and transactions are done by notebook, pen and calculator. Brokers bring boxes of fruits, it is weighed, the price is calculated, and the total price is written on a piece of paper, and that piece of paper is given to the broker as evidence. What this clearly shows that local farmers through brokers are getting risk with putting their products and their money to *rassiychilar's* business.



Photo 3. *Rassiychilar* are receiving grapes from brokers and recording transactions in their note-book.

Brokers play the role of intermediaries between local farmers and *rassiychilar*. Brokers mainly hire women and young children in their business, and they go from house to house looking for good quality products and negotiate prices for later payment with local farmers. Those hired women and young children do almost all heavy work, such as packing fruits and carrying boxes. Due to the lack of jobs in the region, many women contribute to their family budget, and they have to do daily jobs. Young boys also (in photo 4), as early as school time, are forced to earn money by working for brokers, often missing school. Looking from positivistic lens, even though everything is not working as expected in this business, through brokers, *rassiychilar* are indirectly providing economic support to the unemployed population.

Brokers borrow products from local farmers for a certain period, and when *rassiychilar* returns the money, brokers return local farmers' share. Brokers usually profit from this business, but in some cases, when *rassiychilar* make a huge loss, it will take a long time, sometimes years, to get their money back from *rassiychilar* and to return to local farmers.

Sherali, a 35-year-old broker; most definitely we make profit from this business

“As a group of four people, we started the business with 1000\$ each when cherries were ready to sell. This collected money is not for local farmers payment, but for the use of labouring women and youngsters and the transportation of products. Every morning, we bring 3-4

working ladies from “mardikor bozor” (a place where daily labourers are hired), depending on how many boxes of fruits are prepared on this day. These ladies’ daily payment is about 150.000 thousand sums (about 15\$). Also, we use school children because schools are on vacation at this time, and we pay about 60.000 sums (about 6\$) a day. Our business dealing is simple, we buy a kilo of grapes from farmers for 5000 sums and sell them to rasiychi for 6500 or 7000 sums. The main task required from us is to deliver products to rasiychilar in well-packaged and sorted in boxes. We are the ones who make profit out of this business, even rasiychi is bankrupt, they return money next year or sell some of their property to pay off debt”.



Photo 4. School children are helping brokers for carrying boxes and saving money for their school uniform.

Besides economic motivation, there are other dynamics, which has to be taken into accounts, such as religion. If one observes the everyday life of Uzbek society and the social interactions of people, especially in rural areas, it can be clearly seen that people have a strong devotion to religious values, existing social norms, traditions, kinship, collectivism and trust. Uzbekistan is considered a Muslim-majority country, and according to Wikipedia, almost 90% of the Uzbek population is Muslim (Wikipedia). Ferghana Valley, from historical and

demographic reasons has been the centre for Islamic activities and Islam. In the context of this Ferghana Valley, religion is the main mechanism, which produces social trust among the population. Trust and religion are essential components of daily life in the village and play a vital role in their verbal agreements (Turayeva, 2018). Religious aspects of life can be seen that apart from having a densely populated region, Ferghana Valley has a dense concentration of mosques (Ramakant Dwivedi, 2006). In Mevazor village, people regularly visit mosques five times a day and try to fulfil their religious duties. According to Islamic teachings, social solidarity, brotherhood and sisterhood, god-consciousness, and trusting brothers and sisters are the main core of the religion, and this was obvious when I was talking to people in teahouses and village gathering places. People address each other by adding brother and sister to their names.

It was also interesting to observe that asking for a contract or any written agreement during negotiation is considered a sign of distrust, and they always have a handshake instead of a contract. However, when people fail to take their money from brokers or *rassiychilar*, sometimes they use force or have developed their own way of contract enforcement, such as taking away their cars or house documents. Religion and trust, local farmers and broker negotiations became clearer when I talked to Nargiza, a local farmer in a village.

Nargiza, a 45-year-old local farmer from Mevazor village: dehqonlar don't have other alternatives

"I do not know how to pack products and I don't have my own car to deliver 50-60 boxes to rassiychilar, that's why I prefer to give it to brokers, they are good intermediaries between us and rassiychilar. Gayrat is the broker to whom I sell my products every year. Most of my neighbours choose the brokers who offer the highest price to their products. But I prefer to give my apples and grapes to Gayrat, because he takes my products every year and hasn't cheated me until now. You will have confidence in those who have been a broker for ten years like him. In our village, everyone speaks well of him, he has a good character and integrity, and he is a religious guy. This is another reason why I sell my products to him. I was trusting him for a long time, and I don't have other choice except trusting him.

One of the main benefits of selling our products to someone we know is that we can go to their house and demand our money in case we do not receive money from them on time. But if they do not have money, it is problematic. There is no one to complain about them. This happened in our village in the case of Mansur 2 years ago. Our street was often crowded, and people were waiting for him in front of his house to get their money back. There was a time that some people kidnapped him from his house and fought until he had severe injuries. Many people

threatened to take away the documents of their house. They complained to prosecutors and police, but they could not get help because of not having any written agreement. May God not put us in such a situation”.



Photo 5. Local farmer's house. Brokers are buying grapes from Nargiza and using women and school children.

Truck drivers and Informality

Truck owners are the only actor in this business who make a clear profit; because of this, they increase the number of trucks every year. One large truck costs around 80.000-100.000\$. Local people call truck owners wealthy businessmen because of having large trucks in their possession. During my fieldwork, because of their social status, it was difficult to approach truck owners and have a proper conversation regarding their business. Instead, I talked to a truck driver. Wealthy businessmen usually let their relatives and friends to drive their trucks because of the responsibility attached to products. A truck driver should have a street-smart

personality who can handle bribery negotiations and quickly escape unexpected situations. The following interviewee tells how he deals in such situations.

Anvar, a 27-year-old truck driver; I must deliver products in a good condition, otherwise I need to pay from my pocket

My dad owns five trucks and I go to Moscow twice a month. I reach Moscow in 3-4 days if the road is good. This (truck driving) is a very difficult job, I have a big responsibility on my shoulder. You must be shustriy (nimble, agile in Russian) to deliver products safely to Moscow. I must deliver products in good condition and check the refrigerator every 7-10 hours. If the refrigerator stops working, I need to fix it by myself or find a service point to repair it, otherwise, I will be responsible for all products.

We drive to Moscow through Kazakhstan and many times, we need to bribe police in order not to have a long layover in the transit country. Sometimes we do not have proper documentation while driving and in this case, we need give police and border control officers money asking them to let us pass. They often open trucks for inspection, and we need to give at least 10-15 boxes of products out of fear that they may check the weight of the truck or how we placed more products than allowed. Giving products or money is the best solution to continue our trip without inspection.



Photo 6. Wealthy businessmen's parking space for their large trucks.

Discussion and Concluding Remarks

In my thesis, I explored the specifics of informality, Uzbek societies' trust and reciprocity practices, and how social norms, trust and debt-based trade serve as an alternative means of doing business in Ferghana Valley, in the specific case of *rassiychilar*. In order to explore and answer my research question, I have travelled to Mevazor village in Ferghana Valley to collect first hand data. A bottom-up, the qualitative approach has been used to get answers to my research question. The methods applied for data collection were semi-structured interviews, informal interviews and participant observation. I met with almost all business actors involved in this business cycle and familiarized myself with their activity, and had interviews with most of them. Physically being present in the field and interviewing business actors helped me to collect first hand original data.

This debt-based trade in the example of agriculture involves a myriad of informal economic exchanges among various actors, such as; *rassiychilar*, *dehqonlar* (local farmers), *brokerlar* (middlemen), *fura arendatorlari* (local wealthy businessmen), and truck drivers. My observations and empirical findings show that *rassiychilar* established their own way of business dealings and their social order based on social norms and trust. Their reciprocity-driven practices are shaping Ferghana Valley's micro-level business and entrepreneurship practices differently.

The case study revealed information that informal practices reflect not only economic interests but also the social norms generated through trust, religion and social status. Empirical materials show that informality, religion and trust are the three core components of this business and play an important role in societies day to day life. In the case of Ferghana Valley, because of weak state policies, informal activities and trust help a large part of the population to survive and maintain their social status. On the other hand, these activities and social norms also have drawbacks for society and tend to create dishonest business dealings and injustices. Collected empirical data shows that debt-based trade activity and social norms exist in the region negatively impact society as they are not helping to improve the system's overall efficiency and leaving people in economic hardship.

This thesis addressed the research gap in debt-based trade and informality studies, as most of the scholarly works in this field explore debt-based relations at the international level. The main idea of this research is a reconceptualization of trust-based economic exchanges from a broader socio-legal perspective, exploring why *rassiychilar* organizes and carries out informal economic exchanges despite the state having business regulations and laws. My findings show that the business dealings of *rassiychilar* are one of the socially accepted ways of doing business

in Ferghana Valley. Every day “living law” of the society, complemented by social norms, and “trust networks” of people, are the main factor in the region to have a divergence in the daily business practices between conducting a business in accordance with business law and informal legal orders.

Moreover, the thesis is restricted to the context of Ferghana Valley in Uzbekistan, but it contributes to the debate on informality, informal exchanges, debt-based trade, trust and social norms, which is not only important for Uzbekistan, but have broader relevance to other societies where informality plays an important role. Debt-based trade, in the case of *rassiychilar* plays a vital role in understanding the empirical and theoretical implications of the study of informal, micro-level business practices and the role of law in Central Asian countries, especially in Uzbekistan. Because of space and time limitations, this research could not reveal more information on the relations between state business law and existing social norms, and especially *rassiychilars* interaction with state and customs officials.

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APPENDIX 1

Interview Guide

(Translation from Uzbek language)

Date and Time of Interview	
Participant name	
Location	
Before and after interview	
<ul style="list-style-type: none">▪ Greet the candidate & to thank for participation▪ Introduce the Research – it’s scope, purpose, the expected outcome▪ Explain the intention of the interview and what I hope to achieve by meeting with them▪ To explain interview procedure – audio recording and transcribing later▪ To ask if there are any questions before the interview/ answer the questions▪ To ask a couple of ‘warm up’ questions before interview (e.g., family, business)▪ To thank for their participation after interview finished▪ Time allocated (45 minutes or an hour)	
Conduct the interview	
<ul style="list-style-type: none">▪ Start asking semi-structured interview (in Appendix 2)	

APPENDIX 2

Interview Questions

(Translation from Uzbek language)

Part 1: *Rossiychilar* – a group of entrepreneurs in rural Fergana who buy/borrow (*nasiya*) agricultural products from local mini-farmers/home-based farmers and export them to Russia

When did you start being *rassiychi* and how did you start?

Is it necessary to have a license or state control to become *rassiychi*? What do you need to do to become a *rassiychi*?

How many large *rassiychi* groups exist in Mevazor village? How many people are in each large groups?

On average, how much money is needed to start such a business?

Do you need any skills or know-how to start this business?

I heard that many people who tried to become *rassiychi* became bankrupt, for example, Sardor in this village did not have any luck in this business. What is the secret of your success?

How do you find products? In what form will the agreement be made with brokers and local farmers? Who makes the demands and decisions?

How is the price of grapes, cucumbers or cherries determined? Are you the one responsible for setting the prices or will there be an agreement with the brokers? Are farmers also considered during price setting?

How do you make payments with brokers, cash or later payment? Do you make a written contract with the broker, including notary or something else?

If the brokers do not complete and bring the products on time, or if the products they bring do not meet your requirements, how do you make an agreement in this situation? What do you do when there is a disagreement?

How and by which transport are products exported? In a wagon or a large truck? Which one is cheaper and more convenient?

Who will compensate if the products do not reach the destination on time or if the products are damaged on the way?

How much money is paid to the truck driver? What is the average rate?

In which bazars are products sold in Russia? Is it necessary to get permission to enter the market and sell?

Who will be responsible for selling the products in Russia, will one of the group members be the seller or will you hire someone to do the job?

At the end of the export season, how will the profit be calculated or how will the loss and profit be distributed?

Brokerlar (middleman who buy agricultural products from *dehqonlar*, and then resell to *rassiychilar*)

What is the main job of brokers and how do you work? How many brokers are there in Mevazor district?

How many people does a group of brokers usually consist of? How much money is collected at the beginning? If I want to become a broker, what should I do?

How many boxes of product is collected in one day? How many workers do you use daily? Where do you find workers? How much do you give to workers per day?

What will be the agreement between the broker and the local farmer? Payment in cash or credit, later payment? How do you earn their trust?

If you cannot return the money to local farmers on time, what will you say to them, or what will the local farmers say/do?

If the *rassiychilar* do not pay you on time, who will you do in this situation?

At the end of the exporting season, how will the profit be calculated or how will the loss be compensated?

Dehqonlar (local mini-farmers/home-based farmers)

What will be the agreement between you and the broker? Payment in cash or credit, later payment? If it is for later payment, for how long time?

What do you do if you cannot receive the agreed payment on time? Will you write a complaint to law enforcement agency or visit their home and demand your money?

Your opinion about *rassiychilar* and brokers. What will happen without *rassiychilar* and broker?