

## Note from the editor

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# Economies of favor and informality in diversity

Cheris Shun-ching Chan

When I conducted ethnographic research on hospital care in China during 2011–14, I examined how an informal economy of favor exchanges between Chinese physicians and patients emerged, was sustained, and changed over time. The favor patients offered to physicians was a cash gift called *hongbao* (red envelopes containing money) in exchange for extra care from the physicians. Offering informal payments to physicians in exchange for quality medical care was common in post-socialist, transitional economies. Public health studies of the problem are primarily based on economic hypotheses of a shortage economy and an imperfect market (Ensor and Savelyeva 1998; Bloom et al. 2001; Lewis 2007). My findings in China, however, challenge these economic hypotheses. I found that the informal exchanges between Chinese patients and physicians were driven by the public's

generalized distrust of physicians' moral ethics, which in turn was bred by a corporatization of public hospitals. In the absence of institutional assurance, Chinese patients drew on the cultural logic of particularism and its associated cultural repertoire to induce fidelity from their physicians. Two forms of informal exchanges, namely a gifting-oriented embedded form and a bribery-oriented arm's length form, became popular at different times due to institutional factors. Thus, the informal exchanges of favor between patients and physicians are products of intricate interplays among cultural, institutional, and economic factors (Chan and Yao 2018). The ambivalent nature of informality, its neither licit nor illicit character, makes it especially appealing for sociological inquiries.

The practice of informality often involves monetary and non-monetary exchanges. Under-

ground markets and informal economies often emerge in the shadow of official economies not only in developing countries but also in well-developed and highly institutionalized countries (Beckert and Wehinger 2013). This issue contains a diverse collection of studies on informal exchanges in different geographical regions, from Israel and Central Asia to Eastern Europe, China, and Japan. The subject matters cover informal payments, naming, social eating, informal banking, gift-giving, nation-building, and the language of economies of favor. The methodology ranges from surveys to ethnography and historical accounts.

The first essay, contributed by Marius Wamsiedel, provides an account of the changes and impacts of *șpaga* (informal payments) for physicians in Romania and discusses the ambivalent moral interpretations of the practice during and after socialism. Wamsiedel found that during socialism, favors delivered by patients to physicians were mostly non-monetary. While patients in rural areas brought physicians a variety of farm produce, those from urban areas often gave cigarettes and Western-label goods to physicians, though some of them delivered envelopes containing banknotes. According to Wamsiedel, patients in rural areas offered gifts to physicians with both utilitarian and symbolic meanings, whereas those in urban areas did so primarily for utilitarian purpose. In the post-socialist era, gifts to physicians were primarily in the form of banknotes. Wamsiedel explains why this change took place and describes two types of *șpaga*: an ethical type embedded in equalitarian relationships and a predatory type embedded in unequal power. Regardless of the type of *șpaga*, Wamsiedel concludes that such practice has intensified unequal access to health care in Romania.

Intensified inequalities brought about by economies of favor sometimes involve no banknotes or materials. During her ethnographic fieldwork in Central Asia, one of Rano Turaeva's Tashkenti informants told her that "life is a market!" In "Economy of favours in Central Asia," Turaeva introduces a common practice in Central Asia – naming important people who are relevant to a given problem. A problem can be legal, like being stopped by traffic police or crossing borders, or just bad marks at school. Turaeva calls this practice the "politics of naming." Using Uzbek examples, Turaeva illustrates how naming an important person works for many as a way of solving problems, and yet each naming can entail a cost in return for the favors.

This practice is based on many aspects of social relations, such as kinship, ethnicity, and other belonging and reciprocal systems, and hence it cannot simply be framed as a corruption problem. However, the wider sociopolitical and socioeconomic implications of the politics of naming for justice systems is that unequal access to particular networks, status systems, and resources is crucial for negotiating problems and solutions. Consequently, certain groups and individuals

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are more privileged than others, which inevitably reproduces inequalities and further dependencies within power relations.

The next essay, contributed by Yanjie Bian and Lingfeng He, interestingly details under what conditions social eating facilitates favor exchanges in China. Based on large-scale surveys, Bian and He found that those who participate in social eating more often have greater probabilities of being asked to provide favors, especially when the social eating serves as a venue to meet new friends and when seating and conversations are hierarchically arranged to honor participants' identity, status, and power. However, it was only a small minority of elites (such as Communist Party members, highly educated and/or higher-income individuals) that are repeatedly in the game of "favors sought after." Bian and He further found that anti-corruption campaigns launched under the Chinese President Xi Jinping have reduced social eating participation to some extent and led to a small margin of decline in favors sought. Nevertheless, thanks to its ambivalent, gifting-oriented nature, the practice persists and its pattern and underlying logics remain the same.

Gifting is the most common form of informal and favor exchanges. Nowhere is gifting in developed economies a more delicate and calculating social etiquette than in Japan. Katherine Rupp's "The calculus of the gift" presents to us the sophisticated art of Japanese gift-giving. How to select, wrap, package, and deliver gifts to different people with different relation-

ships to the giver requires not only local knowledge but careful calculation and etiquette. The choice must be very precise and yet not so precise that it is seen as self-centered and inward. Rupp describes four interesting cases, in two of which gift-giving was performed appropriately and pleased the recipients, whereas in the other two it was performed inappropriately and harmed the relationships. The Japanese gifting practice requires such delicate calculus as its functions and symbolic meanings line up with a larger system that includes tie strength, gratitude, and hierarchy. For instance, one may see pairs of absolutely elegant Japanese tea cups for sale in departmental stores and wonder why each pair contains one larger and one smaller size of the same style. We know that the unequal size represents gender inequality, but Rupp's essay further tells us how important it is to the Japanese to manifest the relationship of domination and subordination through gifts and the act of giving. The act of giving, Rupp concludes, expresses givers' orientation with the recipients and could have immense impacts on pre-existing relationships.

This is followed by another piece on Japanese informality, entitled "The ubiquity of Japanese informality and the Okinawan *moai*" by Abel Polese. In his field observation in Okinawa, the practice of rotating saving and credit associations, named *moai*, attracted Polese's attention for a sociological account. He found that *moai*, meaning "the art of coming together regularly over the course of a lifetime to share a company and support one another financially," is run like rotating credit associations, and yet it is more than that. What is unique about it is its longevity – a *moai* can last for more than 70 years – and that it is like a social club where participants eat and drink together for socialization. Despite its social functions, Polese observed that informality in these social clubs is subject to a set of pre-defined rules which can be rather formal. *Moai* as an informal financing practice, in Polese's words, is embedded in formal structures. The structures replace the function of the state and supplement the state in its capacity to create space for socialization. Thus, *moai* serves as a social cohesion mechanism with money being the means rather than the end, which I would say serves like a Durkheimian social contract between the state and society.

National fundraising, which is supposed to be a formal and official financing activity, is actually not as straight forward. In Dan Lainer-Vos's contribution, he applies Viviana Zelizer's relational work approach to understand the success of Israel diaspora bond projects and the failure of the Irish case. He found that the Israeli government positioned bonds as partly a gift and partly an investment, allowing ambivalence and even "willful partial misunderstanding" when selling

bonds to American Jews. As a recipient of the fund, the Israeli government on one hand acknowledges American Jewish investors' generosity (gift) and on the other keeps them at arm's length (investment). The bond projects provided Israel with more than US\$35 billion over the years. In contrast, Irish diaspora bonds were issued only once, and tension between the Irish government and Irish American communities intensified after the first bond project. A key factor Lainer-Vos notes for its failure is that the Irish leaders insisted the Irish bond was an investment, while Irish American investors perceived it as a gift and demanded a voice on matters of national importance. Thus, the Israeli leaders maintained a zone of indeterminacy regarding the nature of the bonds, which prevented parties from reducing the meaning of the bond to either gift or investment. The lack of such a zone in the Irish case resulted in a mismatch of demands and expectations. Lainer-Vos highlights here the impact of small organizational details and concrete relational mechanism on nation-building projects.

The last essay, contributed by Nicolette Makovicky and David Henig, takes a very different approach by focusing on the discursive and linguistic aspects of informal exchanges, transactions, and interactions. Based on a wide survey of scholarly studies of informality, Makovicky and Henig take local vernaculars of informality seriously and illustrate different vernaculars in different places, from Italy and Spain to Turkey, Hungary, and Russia, and from Chile to Nigeria and Tanzania. They argue that vernaculars of informality operate as a language and are both connotative and performative. They are constitutive of semi-legal and illegal economic practices and performative by moving people to act. Through the survey of scholars' use of language, they also argue that how researchers define "favor" matters, as favor is itself a construct rather than something out there to be discovered by empirical research. This essay presents fascinating cultural particularities in defining and describing informality as well as their common functions. The authors forcefully assert that informal economic concepts and practices are embedded in multiple dimensions of everyday life, which cannot be reduced to the language of academic enquiry.

As diverse as they are in terms of geographic sites, subject matters, and analytic frames, the contributions in this issue do share some important themes. For instance, the first three essays, by Wamsiedal, Turraeva, and Bian and He, respectively, all examine the possible unequal access and inequality problems brought about or intensified by the economies of favor. The next three essays, by Rupp, Polese, and Lainer-Vos, respectively, present three different manifestations of gifting or gifting-oriented practices. Rupp's

and Polese's examine how the micro practices reflect the larger social structures and relationships in Japan. Lainer-Vos's piece involves cross-national comparison, and cross-national comparative analysis is most vividly displayed in the last piece, contributed by Makovicky and Henig.

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