Money, Morality and New Forms of Exchange in Postsocialist Ukraine

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Abstract One of the legacies of Soviet socialism is a moralizing lens through which to evaluate wealth and consumption practices. A contrast between the moral underpinnings of generating and consuming wealth under capitalism and those emerging in postsocialist Ukraine shows that socioeconomic differences are emerging as proxies for moral indictments that strain the social fabric. Soviet-era economic practices and exchange networks of favors are giving way to cash-based forms of exchange that are redefining moral commitments to social obligations. When legal codes are mobilized in diverse ways in response to divergent moralities the forging of moral consensus to shape emerging economic practices is rendered elusive.

Keywords Morality, exchange, consumption, law, Ukraine, postsocialism

Taking a broad look at the transformation occurring in postsocialist societies, after decades of an imposed state-driven ideology celebrating unity and collectivism, we find competing notions of morality concerned with balancing individual and collective interests in the pursuit of wealth. Many in formerly socialist societies are forced to ask themselves if burgeoning inequality is a fair price to pay for economic growth and the ‘bright future’ that market capitalism promises. The answer to this question is a moral one. In this article I explore the moral understandings by which Ukrainians in postsocialist society evaluate the unequal accumulation and consumption of wealth and, by extension, the political legitimacy of a state whose policies foster widespread inequality.

Using data from fieldwork and other forms of research I have conducted in Ukraine since 1989, I argue that moral contestation centers on the generation and consumption of wealth. As Soviet-era economic practices of barter and blat (or the exchange of favors) are replaced by cash transactions, social and
familial networks and their corresponding obligations are also remade. The prevalence of dispersed, fragmented moralities in Ukraine is connected to a social and political climate that has yielded what Andre Gingrich calls, ‘an exhausted community’ (1997:170).

Despite numerous studies of religious concepts and practices, indigenous cosmologies, and notions of personhood, anthropologists have rarely conceptualized these issues in terms of moralities. Howell, for example, asserts that anthropologists have preferred to focus on principles of social control rather than on underlying moral values. As she states: ‘Moral codes were treated as expressing sanction and as maintaining and reinforcing the status quo, not shaping epistemological and judicial concerns, nor as constituting a universe of meaning’ (1997:7). In postsocialist Ukraine highly charged – and changing – understandings of moral obligation are indeed shaping everyday economic exchange and its accompanying social relationships.

One of the complications ethnographers confront when analyzing moralities is the thorny question of what constitutes data. Often, as in the case at hand, there are competing visions of morality present at any one time, making it incumbent upon the ethnographer to contextualize the specific forms of sociality that give rise to different understandings of morality and the variety of cultural practices that interconnect with moral imperatives. Such a frame for analysis becomes essential to avoid conceptualizing moralities as bounded units, much as the concept of culture once was.

The emergence of an alternative political and economic system necessitates the rewriting of legal codes and the reconsideration of moral understandings to regulate economic transactions and social interaction. The state institutions in Ukraine responsible for imposing sanctions for legal violations are weak, ineffective and vulnerable to manipulation. In the absence of effective legal regulation, the importance of moral consensus is heightened for the regulation of economic exchange.

As new possibilities for making money open up, one of the most powerful legacies of Soviet culture is a moralizing lens through which wealth and consumption are evaluated. Consumption among Ukrainians today spans a spectrum from extravagant decadence for a select few to frustrated exclusion for most. Manifest inequality is driven by the emergence of vast differentials of access to markets and entrepreneurial opportunities. Economic practices become acutely important during this transformative period because they prompt people to reflect on their commitment to particular cultural practices and beliefs that appeal to absolute moral standards.
Consumption in Postsocialist Ukraine

The name ‘Ukraine’ means borderland. Throughout its history, Ukraine has been divided among the Austro-Hungarian, Ottoman, and Russian Empires. Today approximately one-fifth of the 48 million people who live in Ukraine are ethnic Russians, although they have all become Ukrainian citizens. Ukrainians have been subject to centuries of Russificatory policies, first by the Russian Imperial government and then by the Soviet state. As a result, Russians routinely deny any significant cultural differences between themselves and Ukrainians (Szporluk 1994:9). Almost two-thirds of eastern and southern Ukrainians prefer to speak Russian and the Orthodox Church of the Moscow Patriarchate is the single largest denomination in Ukraine (Arel 1995:161). Furthermore, the Soviet military-industrial complex, the ‘cradle of the proletariat,’ is located in eastern Ukraine, an area particularly hard hit by economic restructuring. In contrast, the agrarian Western regions of Ukraine were forcibly annexed to the Soviet Union from several Eastern European countries, mostly Poland, during World War II. Subject to different cultural and economic politics, western Ukrainians were the harbingers of nationalist sentiment that sparked demands for Westernizing political change during Gorbachev’s rule in the late 1980s which continues today. The Crimean Tartars, a Turkic-speaking Muslim people, also became a force for political change after the collapse of the Soviet Union. Deported from Crimea in southern Ukraine to Central Asia in 1944, the Crimean Tartars asserted a territorial identity and began the arduous process of repatriation and reclaiming parts of their historic homeland after Ukrainian independence.

The historical experience that grew out of Ukraine’s ‘borderland’ location has yielded stark regional fractures that are far more multiplex than the balkanized east–west divide that is often asserted. Significant regional diversity complicates the choice of political orientation for this newly independent state: Does Ukraine’s future lie with Russia or should Ukraine aim to join a prosperous and democratic Europe? Ukraine and the Baltics are distinct among former Soviet republics in that they aspire to belong to Europe. Yet, the Europeanness of Ukraine is more questioned than that of the Baltic or other formerly socialist Eastern European countries. A poor human rights record, the power of oligarchic clans, and the generally slow pace of democratic reform are just a few of the stumbling blocks to becoming truly European. Establishing European values embodied in a functioning, social-democratic government and a vibrant market economy, while a realistic vision, remains a long-term prospect for Ukraine. However, consumption...
provides a means to partake immediately of a European lifestyle through the purchase of European foods, fashions, and standards of housing.

This politicization of consumption builds on a Soviet precedent. Especially for those states and regions, such as western Ukraine, forcibly incorporated into the Soviet orbit during World War II, resisting the standardization of lifestyle created by official Soviet consumption patterns was a means of challenging Soviet ideological premises that stressed collectivism and feigned egalitarianism (Verdery 1996: 29). While doing fieldwork in western Ukraine during the final years of the Soviet period, I often saw people save the packaging of Western goods, such as cereal boxes and empty liqueur bottles, and use them as household decoration. Acquiring Western goods during the Soviet period was a form of political protest and a way to reject Soviet values. Now Western goods and political values work in tandem to signal the determination of some Ukrainians to integrate themselves into Europe, if not as political citizens, than at least as consumers. The moral underpinnings of consumption and making money in Ukraine are accompanied by pronounced political aspirations, either toward joining Europe or maintaining a Russian-oriented status quo. As a result, Ukrainians unable to partake in capitalist consumption are excluded socially and politically.

The Moral Underpinnings of Social Mobility During Late Socialism

There has been surprisingly little attention paid to the class politics of postsocialist societies. Martha Lampland suggests that the rhetoric of socialist empowerment of the working class has contributed to the dismissal of class analysis among former socialist citizens (2000: 213). Yet, Western scholars have been equally reluctant to tackle issues of class in postsocialist societies. This stems from the fact that standard variables used to identify socio-economic status (education, profession, residence, income, and so on) are of little diagnostic value in postsocialist societies. Not only did poverty become a mass phenomenon after the fall of the USSR, it essentially became a ‘poverty of the strong.’ Education, skills, good health and a willingness to work did not ensure an escape from poverty after marketization began.

Although socialist and capitalist societies differ with regard to the moral implications of wealth distribution, several differences are worth highlighting given the importance of consumption for status under socialism and for its role in emerging class-based social structures. Although status can be withdrawn at any time in both capitalist and socialist systems, each attaches distinct moral implications to upward or downward mobility. In capitalist
societies, market competition renders certain individuals, professions, and industries redundant. Insulated by an ideology of meritocracy, rugged individualism, and teleological progress, capitalism itself usually escapes harsh scrutiny for inciting economic dislocation. Instead, the impoverished are held individually accountable for their failures and thought to be ‘unworthy’ of success (Dudley 2000, 1994; Lamont 1992; Newman 1988).

The reverse dynamic was true in the USSR and this is the first key difference I would like to highlight. The state was the engine of social suffering and downward mobility for some and upward mobility for others. Status, wealth, and privilege potentially revealed more about an individual's relationship to state authorities than about his or her abilities and achievements. Soviet history is littered with examples of ‘falling from grace.’ Political dissidents (real or suspected), privileged elites, entire ethnic groups, or randomly targeted individuals had their status and its material base suddenly and ruthlessly withdrawn. These punitive measures served to make impoverished pariahs out of fallen individuals or groups. Although initially some might have believed in the culpability of the punished, the extent and viciousness of Stalinist repressions made people recognize that the state’s actions could be random and unjust. Poverty and lack of status could not automatically be equated with individual failure. In fact, poverty could be indicative of individual integrity and a refusal to compromise moral principles for the sake of material gain. By contrast, privilege and material comfort suggested morally questionable collaboration with state authorities.

Secondly, the essence of the social contract under socialism was the state’s promise to eliminate class divisions by controlling resources for the purposes of redistribution. This was supposed to liberate society from poverty and its deleterious social consequences as well as eliminate elites that commanded power and/or property. Yet, the supply of consumer goods rarely satisfied demand. This led to the fetishization of goods and the willingness to use deception to obtain what one wanted. As a result, the pursuit of material goods could involve moral compromise as individuals violated rules, laws, and sometimes their principles to fulfill needs and desires. This was generally true of all socialist societies, including Ukraine. (See Ledeneva 1998; Patico 2002; Verdery 1996:20–30; Wanner 1998:49–75; Yang 1994.)

Moreover, the moral indictment of others for obtaining goods or favors po blatu (i.e. through connections) was often swift. Yet, individuals could morally absolve themselves for having used connections because they claimed kin obligations or asserted that they intended to return the favor. Thus, they
situated their illegal acquisitions within the framework of reciprocal exchange, while denying the same benefits to others (Ledeneva 1998: 121–38). In short, the same behavior was open to very different moral evaluations.

Thirdly, the shortage of goods, compounded by the power-status connotations they communicated, meant that their consumption was politically charged and carried decisive moral implications related to how one obtained them. Because the socialist state was so universally seen as ‘them’ exploiting ‘us’, judgments about other people’s consumption took on moral overtones. Over time, increasing numbers of Soviet citizens recognized the ideological bankruptcy of the socialist project and regarded privilege as the reward for morally suspect collaboration with the authorities, driven more by a crass desire for material comfort than true convictions. Wealth and privilege, therefore, had to be hidden because they generated resentment among others who saw them as rewards for siding with the self-serving authorities against a poor and defenseless population.

If privileged consumption previously indicated favorable proximity to state authorities, with the onset of perestroika in 1985 it indicated a key position from which to exploit new market opportunities. The expansion of the market into Soviet society meant that morality and consumption fused ever more tightly. Drawing on a deep Orthodox tradition of seeing poverty as ‘saintly,’ deprivation placed one on the ‘moral’ side of the national community in opposition to the ‘immoral’ side that consumed with wanton gluttony as the Soviet Union crumbled. Nancy Ries shows how laments about daily difficulties in everyday life equated poverty with moral purity and infused suffering with redemptive meaning (1997). Yet, using individual consumption to gauge moral worth indirectly served to sustain a fascination with material goods and reinforced the practice of monitoring what other people acquired.

By 1995 the ‘goods famine’ that plagued the Soviet economy had become a memory. Most cities in Ukraine offered real choice to consumers, thanks to ‘economic tourism,’ or the hordes of individuals who traveled to Eastern Europe, Turkey, and the United Arab Emirates to buy cheap goods for profitable resale at home. The historic pattern of full refrigerators and empty shops was reversed as goods were stocked in street bazaars and stores with greater frequency than they were in homes.

No longer hidden or regulated by the state, extravagant consumption has become a highly visible indicator of class affiliation. The conspicuous consumption of luxury goods by the ‘New Ukrainians’ ignites wild fantasies
about the illegal and immoral means used to acquire them. The only available response for the disenfranchised and impoverished, given the state’s indifference to their plight, is moral outrage at the state’s abdication of its obligation to serve its citizenry.

**Violence and Order, Corruption and Justice**

After conducting ethnographic research in 1995–96 on the coping strategies of the poor in Ukraine, I concluded that the single most important factor to ensure an escape from poverty was the strength of an individual’s social networks (Wanner & Dudwick 2003:270–79). Regardless of the severity of individual circumstances, if a family had someone in their ‘circle’ with access to capital or money-making ventures, then the family escaped poverty with stunning regularity.\(^5\)

Trading and other forms of business in Ukraine involve *obman*, or deception, of state authorities concerning taxes at the very least. Virtually all businesses keep two sets of accounts, ‘white’ ones for government officials and the real ‘black’ ones. The widespread caution and distrust of state officials that this and other practices breed means that only close, trusted members of a family’s inner circle are hired. The boundary work of establishing who is part of one’s circle and who has a moral claim to assistance is an intrinsic part of situating oneself within social networks.\(^6\) Today these moral obligations have clear economic ramifications, serving as the foundation for class membership. Such moral obligations can drain the resources an individual may acquire or they can facilitate access to market opportunities and income-generating activities. But what happens to those people with less than robust social networks when they encounter financial difficulties?

Here I present the first of three profiles to illustrate how the intersection of economic practices and the state reflects competing notions of morality in Ukraine. Ivan is a Russian-speaking professor at Kharkiv National University in eastern Ukraine. He converted his hobby, beekeeping, into a small money-making venture and essentially began to work a second, full-time job late in his working life to supplement a salary that no longer supported his family. After the fall of the USSR, reversing the role of jobs and hobbies became a common coping strategy to alleviate economic hardship. If a person’s job no longer paid a living wage, whenever possible, a hobby was converted into a job and the job became something of a hobby.

Ivan’s troubles began when his son, Dima, borrowed money to start a business. With little in the way of a commercial banking sector, Dima obtained
start-up capital from a loan shark, essentially the only source available to small business entrepreneurs without family connections. In spite of sincere efforts, the business failed to thrive. The money-lenders grew impatient when Dima could not settle accounts and, as is common, they threatened to use violence if he did not pay off his loan as they had agreed. When Dima’s wife was found dead, Dima was charged with, and eventually convicted of, her murder. How does one reckon with the violent death of a 24-year-old woman and the indictment of her husband who steadfastly maintains his innocence?

Ivan tried to bring about another form of justice by bribing officials to get the charges dropped, more bribes to prevent a guilty verdict and still more to get a reduced sentence. Although the state officials took Ivan’s money, the bribes did not fully produce the intended result. In the end, his son received a three-year sentence for a murder he maintains he did not commit. Conflicts in the informal economic sphere play out within a weak state sector that is neither regulated by law nor a shared moral order. Who behaved in a morally laudable or a morally reprehensible fashion? Dima for trying to start a business but then going back on his word when he couldn’t pay off his loans? The money-lenders for using a human being as collateral and violence to enforce their understanding of justice and order? Ivan for shamelessly and vigorously undermining the justice system to free his only son from a prison sentence Ivan believed he didn’t deserve? Or was it the government officials who allowed justice to be purchased, and yet used their power to reduce the prison sentence of an innocent man?

The money-lenders harnessed the coercive powers of the state to ‘punish’ their errant client by killing his wife and by sending him to prison for three years. They use public state services to run their private – totally non-state regulated – businesses. In this way, morality, governmentality, and the power of the state are intimately connected with making money in the informal, shadow economy.

The new economic system has not conferred the same status and corresponding economic rewards on either Ivan or his son. Having once enjoyed a privileged lifestyle in the USSR, since the collapse of the Soviet system Ivan and his family have experienced only growing impoverishment and social exclusion. In spite of educational credentials, health and a willingness to work that should ensure an income, Ivan and his family run the risk of becoming part of a permanent underclass. Although he originally intended to use beekeeping to supplement his income, it has become a vital source of

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money for the entire family. Given Ivan’s education and the prestige of his profession, he is too ashamed to peddle honey on the street. Out of necessity, Ivan’s 79-year-old mother-in-law has taken on the job of setting up a booth at the market to sell the family produce.

Choosing a livelihood today poses a problem: Which profession is likely to generate a living wage, and what are the moral compromises it will entail? An obvious option for young men is the ‘criminal sector.’ Some recognize that it is perhaps more plausible to become an ‘honest bandit’ and adhere to the criminal sector’s moral order of justice and honor than it is to do business honestly within the framework of the law (cf. Ries 2002). Now released from prison, Dima lives with his parents, grandmother, and a pitbull terrier, awaiting the next encounter with the money-lenders. The men have returned to the neighborhood to look for Dima and have warned his neighbors that they intend to collect the money Dima still owes them. As much as Ivan hates making and peddling honey in the informal economic sector, this is clearly the strategy he is relying on to get his family out from under a punishing debt burden. Street vending remains the primary means of economic survival – and for avoiding further violence – for Ivan and his family.

Illegally Acquiring Property Legally

Bohdan, a 38-year-old former engineer from Kyiv, represents another example of the moral quandaries that arise when manipulation of state and legal institutions is the core of money-making strategies. In the early 1990s, the state-run military enterprise he worked for, like so many others, fell months behind with its salary payments. With no means of supporting his family, he made the bold move of converting his hobby – furniture making – into a business.

Starting in 1996 Bohdan traveled every year to Switzerland to work illegally for several months in a carpentry shop, a job arranged by a cousin of his mother-in-law. His own connections could not furnish the start-up capital, but they did provide a means for him to obtain it illegally, albeit through honest work. His trips to Switzerland enabled him to buy machinery, tools, and a truck. As the business grew, he hired his wife and son.

In 2001, he bought what he really needed to make the business thrive: a workshop where he could build furniture and store materials. He bought a small shop for nine thousand dollars from a large wood pulp combine that was bankrupt and being sold off in segments by its director to pay the workers’ back salaries. He and fourteen others bought parts of the combine,
which is located on the banks of the Dnipro River in the center of downtown Kyiv. In time, this became very valuable real estate, a potential site for upscale residential buildings. Indeed, Bohdan had anticipated this and was confident that he had made a good investment. What he didn’t count on was the ‘creative’ use of the law to confiscate his private property.

In 2003, two security guards, the last remaining employees of the original combine, filed suit that Bohdan had failed to prove that no taxes were owed on the property and that his purchase was therefore invalid. This tax document was one that the seller, not the buyer, was obliged to furnish. Luckily for Bohdan, and much to the surprise of the plaintiffs, the former director of the combine had given him a xerox of the document stating that no tax monies were owed. Hearing this, the judge promptly refused to accept a xerox and insisted that Bohdan obtain the original document. At the tax office, officials claimed that the original document was missing. It became clear that the security guards were merely pawns of more powerful businessmen who had paid the judge to demand this document and paid the tax office not to find it. In the end, Bohdan lost the case and the judge declared his purchase null and void.

Winning an appeal is dependent on finding connections higher up in the justice system than those of the shadow businessmen. Bohdan and his lawyer, who acted as a mediator, set out to find government officials who were ‘sympathic’ to their case. The use of a mediator and the importance of personal connections is a residue of Soviet-era blat networks that have been ‘greened’. Favors that allow circumvention of the law are now accompanied by cash payments. Through contacts Bohdan made, he arranged to pay bribes to three different officials for a total of $1200. The lawyer’s contacts requested $1000 to issue a decision in favor of Bohdan and he agreed, as insurance, to pay these bribes too. When he still lost the appeal, he understood that the shadow businessmen paid still bigger bribes or had more influential contacts.

The ownership of the workshop is slated to revert back to the combine, which was technically dissolved years ago – with the exception of the two security guards still employed there. Rather than purchasing the shop from Bohdan at market value, these shadow businessmen preferred to pay the security guards to file the suit and pay bribes to win it so as to ‘legally’ acquire the property for ‘free’ by establishing the ‘illegal’ nature of Bohdan’s purchase. These shadow businessmen now legally own the workshop that Bohdan paid $9000 to acquire, another $1000 to renovate and $2200 in
bribes to retain. It is unlikely Bohdan can ever match the financial and other resources of the security guards’ mystery backers. There is only one more appellate level in the judicial system, and as Bohdan is quick to note, the higher up in the courts you go, the more politicized the decision-making process becomes. Monetary bribes lose their effectiveness unless the cash payments are reinforced by some personal connection, either his own or a mediator’s. Winning a lawsuit at that level mandates not only deep financial reserves but also a wide network of well-placed, business-related reciprocal relations, neither of which Bohdan has.

Cases were brought against two of the other fourteen owners. One also lost, but the other won. Bohdan was convinced that there was no goodwill among the owners to join forces against their common foe. Each owner was convinced that a collective effort to assert individual rights would be totally unsuccessful. Ironically, among the legacies of Soviet collectivism is a pervasive mistrust of strangers and a deep suspicion that collective efforts inevitably lead to compromised autonomy and disempowerment. Uniting to mount a collective challenge, they reasoned, would simply introduce a nest of uncertainties and a potential multiplication of enemies. Under siege from a well-financed foe, the new owners preferred to struggle alone, albeit with a clear sense of their disadvantage.

Even before the first case was over, doubting that anything approximating justice existed, Bohdan found a parcel of land 20 kilometers outside of Kyiv where he could build a new shop. He borrowed $1200 from his wife’s uncle and made a payment of intent to purchase it from the current owners, who themselves were still processing the paperwork to privatize the land to make it theirs to sell. Yet Bohdan asks himself if he has the courage to start over again. Will another attempt to create a small business be preyed upon by another opaque enterprise able to manipulate state offices to legally steal? The state, its laws, and the justice system have become instruments for the powerful to own ‘unowned’ things, to ‘legally’ acquire ‘illegally’ purchased property.

Andre Gingrich explains how moral and legal orders coincide: the law sets normative moral standards of social and economic practice and articulates negative standards in the event of transgression (1997:154). Yet, in Ukraine today the law is often applied in totally unintended, inverse ways, shattering any notions of shared moral consensus and respect for the law. These shadow businessmen used a court of law to avoid establishing ownership based on market value economic exchange. By manipulating the legal system, they
were able to legally acquire Bohdan’s confiscated property. Yet, by using the courts and law to establish the legality of illegally-acquired property for their own benefit, they have undermined the very rights, benefits, and obligations of ownership in Ukrainian society.

Similarly, Dima’s loan sharks used the criminal code of the Ukrainian state and its court system to sentence him to prison because he violated their moral code of borrowing and lending. Mobilizing the penal code to punish transgression of a particular code of behavior places various concepts of justice in competition with one another. When legal codes are so flexibly applied in the service of individual over collective interests, the normative moral standards upon which the law is predicated become fractured and moral consensus remains elusive. These economic actors were able to acquire and maintain their wealth because they successfully exploited the weakness of the state by manipulating the law for their own benefit.

The Rule of ‘Understanding’

Ivan and Bohdan’s experiences also illustrate how officials parlay a position in a state bureaucracy into significant personal income. People who have become wealthy since the fall of the USSR are called ‘New Ukrainians,’ new because they have an alien lifestyle and value system, characterized by shocking wealth, materialism, and narcissism. Their грязь в князь (a Russian expression for ‘dirt to prince’) path to social mobility could only have been achieved, it is assumed, by engaging in criminal behavior, financial speculation, or some other morally impeccable undertaking. Nothing could be farther from the ideologically-driven, Soviet work ethic based on enthusiasm and selfless communalism, culminating in ‘Heroes of labor.’ Ries has rightfully argued that the archetype of the New Rich, symbolizing moral corruption, lack of frugality, and the general collapse of social justice, actually reaffirms the righteousness of the inverse values. (n.d.: 5)

Many of the nouveaux riches of this номенклатура capitalism are successfully engaged in import/export businesses, banking, retail, and financial consulting, and many move from the ‘private’ to the ‘public’ to the ‘criminal’ sector with enough frequency to illustrate the fluidity of these categories. Their business dealings are regulated по понятнем, which is Russian criminal slang for ‘by understanding,’ that is to say, not ‘by law’.

Mykola, aged 43, is considered a New Ukrainian. He started out as an engineer, and thanks to his father’s Communist Party connections, joined the Kuchma government in the early 1990s and worked his way up in the
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Mykola recently bought a spacious apartment with a *evroremont*, or European-style renovation, in a building that has a swimming pool, a gym, an underground garage, and a team of guards. A staff of three maintains the household. He purchased all of the furnishings for his eight-room apartment in the U.S., and, thanks to a friend of his in the diplomatic corps, was able to send them back to Ukraine in a diplomatic container, free of customs and shipping costs. The new apartment is filled with Korean art, ‘gifts’ from heads of Korean corporations he deals with. He also owns a large *dacha* on the outskirts of Kyiv, which the family rarely uses save for parties. Having made his fortune under the Kuchma regime, he plans to leave his government post soon and is laying the groundwork for his next endeavors, a foreign business consultancy and a machinery import business.

Early entrepreneurs in the Soviet Union who informally organized to supply the dearth of consumer goods were accustomed to functioning outside, if not in direct violation, of the law. Individuals stole materials and time from the workplace to facilitate independent economic activity and subvert the state’s monopoly. Yet, these quasi-illegal entrepreneurs were morally absolved because they provided the much needed goods and services that state enterprises failed to deliver. The split between ‘us—the workers’ exploited by ‘them—the Party leaders’ became the moral justification for theft and for the cult of nonwork, as epitomized by the expression, ‘They pretend to pay us and we pretend to work.’ These early entrepreneurs used self-interest and unbridled manipulation of state resources as guiding principles to exploit an emerging margin of marketization. Alexei Yurchak (2002) argues that these practices amounted to a form of ‘entrepreneurial governmentality’ whereby early entrepreneurs learned to manipulate entrepreneurial techniques to mediate their relationship with the state and the restrictions it imposed with the intention of creating a favorable climate for independent economic activity.

The post-Soviet form of ‘entrepreneurial governmentality’ that Mykola practices has taken on two additional dimensions. Although his business
activities still operate in tandem with the state, they now do so on a global scale. The expansion of scale is directly correlated to the escalation of the amounts of wealth it is possible to accumulate. With no inhibitions about conspicuous consumption, he and his family lavishly enjoy a comfortable lifestyle. The perpetuation of his sons’ elite status is most likely guaranteed by the bilingual, bicultural education they receive at an American private school in Kyiv where the tuition is ca. $10,000 a year, reinforced by family vacations twice a year in the U.S.

The New Rich have been called ‘market Bolsheviks’ because they approach privatization and free enterprise with the same zeal and ruthlessness that the Bolsheviks used to collectivize property, each in their own right justifying the short-term hardship of others in terms of the long-term well being of all. Caroline Humphrey suspects that one of the explanations for the general bitter dislike of the New Rich must be the extraordinary success of Soviet propaganda against ‘speculation,’ that is against wealth acquired independent of one’s own labor (2002:59). I would agree and add that this general resentment of people who amass wealth is compounded by a Soviet-engendered distrust of people with money because they are suspected of having made moral compromises to acquire their wealth.

The benefit to the individual – and the loss to the collective – is immeasurably greater when ‘stealing’ from the state takes the form of a government official accepting bribes and ‘gifts’ from certain businessmen to deny their competitors the right to do business in Ukraine. Although Mykola never admitted to doing this, his wife and chauffeur conceded that he has taken ‘gifts’ from certain businessmen with the understanding that he will allow them to establish a monopoly in Ukraine’s nascent market economy as it goes global. Ukrainian consumers become captive and subject to market conditions set by another kind of ‘invisible hand.’ ‘Stealing’ from the state through legal manipulation now occurs on a totally different scale with far greater rewards for a much smaller group of government officials-turned-entrepreneurs. This qualitatively new form of ‘entrepreneurial government-ality,’ of amassing property and state power, fosters totally different dimensions of disenfranchisement and exclusion for a far greater number of people.

Moral outrage over the injustices of nomenklatura capitalism prompt the longing for a ‘normal life’ and the ‘dream of law’ (Humphrey 2002). This is not so for Mykola and others like him. He subscribes to a different moral order. He feels empowered to use whatever means are available to garner wealth. His sense of moral obligation extends only to providing for the well-

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being of his family and a close circle of friends. He evaluates his job and his job performance exclusively in terms of the degree to which it provides the wealth and privileges he desires. He has insulated his family from the cycles of poverty, the daily inconveniences, and the limited opportunities other Ukrainians encounter. Therefore, he morally absolves himself of his professional transgressions because ultimately, as a good provider and father, he can consider himself a *dobra liudina*, or a ‘good person.’

**Emerging Forms of Exchange and New Social Relationships**

Numerous teachers, doctors, nurses, and low-level government officials, have for some time now accepted ‘gifts’ as tribute from the parents, patients, and citizens they serve. These gifts are understood as an expression of appreciation and satisfaction with the job they have performed and as an informal means of salary supplementation. As state budget employees, they have experienced a sharp drop in earning power and a corresponding dismissal of the value of the work they perform. Gifts can be interpreted in multiple ways, depending on the social nature of the gift and on how it is presented. Small payments in the form of ‘gifts’ to teachers and doctors contrast sharply with the bribes Ivan and Bohdan paid to government officials and with the cash and goods Mykola received from foreign enterprises. There is some level of personal relationship implying genuine reciprocity between teachers and their students, and doctors and their patients that is entirely missing when competing entrepreneurs use ‘gifts’ and other payments to manipulate legal codes and state regulatory constraints in their favor.

Money is more overtly tied to bribery in the form of a one-time exchange of cash for service, often among partners who have had little or no previous interaction, as in the cases of Ivan and Bohdan. A gift, however, moves beyond a purely renumerative function and creates debt obligations that are less well defined. We know from Mauss (1967) that a gift always retains an element of the person who gave it. When Mykola accepts ‘gifts’ from the heads of foreign companies who want their businesses to prosper in Ukraine, expectations and debt obligations have been articulated. By accepting these ‘gifts,’ Mykola commits to ensuring ‘reasonable risk’ for foreign companies when the greater political and economic situation suggests otherwise. When he accepts a bribe, he has made a cleaner transaction. He has ‘sold’ state services and even the law to others for the sake of his personal enrichment.

The various transfers of money and goods described above suggest how overall modes of exchange are changing in Ukraine as a result of marketization.
Socialist forms of exchange distinguished among (1) the provision of essentials by either an allocative state that provided housing, medical care, subsidized food, and so on; (2) the personalized barter and *blat* forms of reciprocal exchange of prestige goods and meaningful favors between relative equals; and (3) the unremarkable, albeit sometimes necessary, goods one acquired through impersonal monetary purchase. Barter and *blat*, such dominant informal modes of exchange during the Soviet period, were insufficient when it came to resolving Ivan’s and Bohdan’s problems or delivering the kind of lifestyle Mykola now wants. The social relationships that provided the trust necessary for widespread barter and *blat* exchange are being supplanted in this new capitalism by connections and networks fueled by cash. Cash payments are now at the core of the economy of favors.

Bloch and Parry argue that

The problem seems to be that for us [Westerners] money signifies a sphere of ‘economic’ relationships which are inherently impersonal, transitory, amoral and calculating ... Where it [the economy] is not seen as a separate and amoral domain, where the economy is ‘embedded’ in society and subject to its moral laws, monetary relations are rather unlikely to be represented as the antithesis of bonds of kinship and friendship, and there is consequently nothing inappropriate about making gifts of money to cement such bonds (1989:9).

In Ukraine, however, such an assertion becomes problematic because of Bloch and Parry’s qualification that the economy be subject to society’s moral laws. As I have shown, such an assumption is not possible in Ukraine where multiple moralities are emerging. This is in large part due to the transformative power of money which is remaking obligations individuals have to each other, to the collective, and the mutual obligations between a state and its citizenry. Monetary forms of exchange per se do not trigger confusion over moral obligations. Although money erodes older social networks and solidarities, it also promotes a wider, albeit more diffuse, form of social integration (Simmel 1978). Yet, when monetary forms of exchange begin to dominate and still remain personalized amidst weak legal regulation, then the consequences for developing shared understandings of morality are felt in many spheres. In Ukraine, the lack of consensus over moral obligations to the greater good of the collective has thrown into question the bases for establishing the social worth of work and basic concepts of self-worth. How does one balance competing personal and professional expectations, such as the need to *krutytsy*ya (literally to spin, but figuratively to hustle, in the
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process of making money) and still be respected as a *dobra liudina*, a 'good person'?

In a capitalist system, the marketplace is ideologically laden with a moral code that suggests that a market-based economic system offers innovation, choices and the ability to exercise individual will. Marketplace activity is seen as a neutral arbitrator of justice, rewarding initiative and hard work with wealth. Still, most Western societies invest substantially in social service programs to mitigate against the negative consequences of market activity. They also give greater authority to a judicial system and administrative structures to regulate market activity and thereby create dependence on legal codes enforced by the threat of sanctions. Only on a secondary level do Western societies appeal to something as amorphous as a shared moral order to ensure social and political stability, although such appeals are critical during times of crisis.

The Soviet state monopolized pronouncements of authority and did not accept open challenges. Defying the state and its rules and regulations in pursuit of individual enrichment was checked by a fear of state retribution. Over time, an individual's moral obligations were reduced to a circle of skeletal family units and a handful of trusted friends. This redefined sense of moral obligation reflects the erosion of both an individual's commitment and ability to ameliorate collective well-being. Most of the Soviet successor states, including Ukraine, are weak, struggling to create legal codes that correspond to economic and political realities, and are unable -- or unwilling -- to enforce the legal codes that do exist to regulate the generation and distribution of wealth. Moreover, wealth has become a means to bypass the law when it interferes with the pursuit of individual interests. The absence of effective legal codes and administrative structures to safeguard rights and articulate obligations obfuscates, even absolves, the basis for establishing a morally empowered commitment to enhance the collective good.

**The Transformative Power of Money**

The 'transition' in postsocialist Ukraine is understood in many ways: as a process of social Darwinian economic vandalism, a new form of imperialism, or, as the most radical reformers would argue, a necessary and painful step toward integration into the global economy. Regardless of how one understands the sweeping changes underway, one of the initial and most powerful results has been tremendous social suffering and the emergence of radically different levels of access to market economies. New meanings of the social worth of wealth, work, and personhood are expressed in the
remaking of symbolic and social boundaries that situate an individual within social networks and groups within the dynamics of a market economy.

The wide spectrum of socioeconomic statuses outlined above reflects the importance and incidence of bribery, tribute, and gift-giving in all its forms. Yet, the shame and humiliation associated with making such payments has not been eradicated and therefore condemnation of these practices remains widespread. Humphrey writes, ‘To earlier moral bases for such judgments, such as Christian ethics or the ideal of the just, allocatory state and one’s role as a deserving citizen in it, is added a new post-Soviet one: the idea that people exercising cold cash, rather than their common humanity, are taking advantage of the weakness of the state’ (2002:132). Certain business endeavors, such as the money lenders Ivan’s son did business with, need a weak state whose institutions are open to manipulation. Most of all, they need laws that can be blatantly disregarded so that they can superimpose their own moral understandings of justice and retribution. Individuals in Ukraine are obliged to make compensatory payments for the vulnerability of the state in a variety of contexts. These payments have multiple effects: they function in everyday life as a means of supplementing individual income or generating wealth; they erode the non-monetary social networks of reciprocal exchange inherited from the Soviet period; and they are complicating the difficult process of forging moral consensus surrounding the obligations individuals have to one another given the post-Soviet, global market economy and the inequality it has bred.

So far, I have argued that consumption patterns are becoming a key social marker and indicator of individual social horizons by providing an analysis of the mechanisms that have produced inequality and exclusion through the use of the state to generate wealth. Inherited Soviet-era notions of right and wrong, of crimes and misdemeanors, and of moral behavior more generally, only complicate the process of articulating moral values and a sense of moral obligation to others. When one recalls that under Stalin, the loss or damage of official documents was considered a crime, as was tardiness at work or not fulfilling the work quota, one realizes the extent to which individuals have become accustomed to viewing the law cynically, not as an instrument of justice, but as one of potential oppression. For this reason, allowing individual concerns to override an ‘immoral’ law became an established practice during the Soviet period, and a widespread one in Ukraine today.

As a result, actors in the new economy justify their own actions and priorities in terms of the constraints the state has foisted upon them, all the
while quickly identifying the immoral and manipulative behavior of others. Small producers and traders, such as Ivan, are locked into the outer edges of the informal economy. Ivan’s money-making venture exists beyond the law, is entirely unregulated by the state, and is subject to the violent ‘rule of understanding.’ Bohdan, in contrast, is attempting, against formidable odds, to legally restart a small business amid creative appropriations of purchased concepts of justice and ownership. He struggles to get out from under the ever-shifting, cash-regulated ‘understandings’ of the rule of law that govern his business prospects. Mykola, a market Bolshevik, is personally intent on individual enrichment and politically committed to its trickle-down effect for others. Like Ivan, he also operates beyond the law. The critical difference is that Mykola’s business ventures are conducted in tandem with the state and this has made all the difference. Each of these economic actors employs different notions of moral obligations in their dealings with others and with the state. Each evaluates the political legitimacy of the state in terms of how it either facilitates or stymies their possibilities for making money.

The entrance of Ukraine into the global market economy has created a plethora of new opportunities for entrepreneurship, consumption, and redefining status. In each instance, the growing dominance of money and monetary forms of exchange are the primary engine of change. Understanding this new economic and social landscape increasingly entails assessing the competing moralities that motivate individual actors to engage the state in various ways in the pursuit of individual wealth. In this new market economy, nothing is in more fierce competition than the diverse understandings of the moral obligations the ‘haves’ have to the ‘have nots’.

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Notes
1. Notable exceptions to this include an edited volume by Howell (1997), entirely devoted to the ethnography of morality, and two volumes edited by Robert Hefner (1998a and 1998b) that analyze the importance of morality during periods of transition. For the postsocialist world, see Mandel and Humphrey (2002).
2. Humphrey offers the following definition of morality: ‘a system within, and less inclusive than, “ethics”, which states commonly held ideas about obligation’ (1992:136). While I also place great emphasis on ‘obligation’ as being at the heart of morality, I think it is important to note that the ‘less inclusive’ aspects of morality separate it from ethics, a cognitive endeavor, by its narrow, yet intense, appeal to a transcendental realm.
3. Sigrid Rausing (2002) describes how collective farmers in Estonia purchased expensive European foodstuffs over local products. She argues that the consumption of basic European products in everyday life concealed the fact that these goods were expensive, exotic and served specific political aims, namely, reintegrating Estonia back into Europe.
4. Moral judgments often pertain to locality, to the rights and obligations conferred because of belonging. Melissa Caldwell (2002) argues that in Russia foreign corporations are indicted as an exploitative force. The formidable competition in food production threatens Russian enterprises and has prompted a ‘Buy Russian’ campaign to buttress the consumption of locally produced Russian products. Caldwell analyzes how nationalist sentiment and morality have become entangled with the consumption of basic food items.
5. The Ukrainian government set the poverty line at 175 hrv (ca. $34) a month in 2003. Nearly half of the population fell below it. The situation was a little better in Russia, where twenty-three percent of the population, or 33 million people, lived below the poverty line. Before the tragedy at Beslan, fifty-five percent of the Russian population considered poverty the single greatest problem their country faced. See ‘Homo Putinicus,’ Transitions on Line, 1 Sept. 2003, http://russia.tol.cz.
6. Just when these networks became essential to economic survival, they also became more difficult to sustain. If one falls into poverty, or even becomes the victim of cycles of impoverishment or illness, it becomes difficult, if not impossible, to participate in these networks because they are predicated on reciprocity. See Wanner and Dudwick (2003:270–279).
7. Ries (2002) examines the debate over whether the mafia was actually the most reliable provider of social and moral order in Russia in the 1990s. She contends that the level of cynicism lies so deeply embedded in the Russian social fabric that, at times, attitudes toward the mafia cease to be disapproving and reflect a yearning for generosity and justice.
9. The full expression in Russian is: Luchshe kniaz v griaz, chem griaz v kniaz, meaning ‘Better to go from a prince to dirt, than from dirt to a prince.’
10. When someone gives an object to create debt relations, the standard words for ‘gift’ (Ukr. podarunok, or Rus. podarok) are frequently replaced by the English word ‘present’ to signal the obligations of the recipient.
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11. For an analysis of how ‘unwritten rules’ regulate economic practices in the absence of effective laws in Russia, see Ledeneva (2001). Much of her analysis applies to Ukraine.
13. Patico (2002) argues that the ‘gifts’ parents give teachers bespeak a certain social commonality rooted in shared gender ideals and consumption practices and therefore, in a certain way, serve to strengthen social solidarity.
14. I once asked a doctor in Kharkiv, eastern Ukraine, what she did with all the bottles of liqueur and boxes of chocolates she received from her patients. She told me that she sold them back to the kiosks where her patients bought them. She converted the ‘gifts’ into cash and thereby avoided, for herself and her patients, the shame and humiliation of accepting or giving ‘bribes’ to obtain services that are ostensibly free.
15. For analyses of socialist forms of exchange on an industrial level, see Verdery (1996:20–30 and 39–57) and Burawoy (1992 and 1985); on a personal level see Ledeneva (1998). Humphrey and Hugh-Jones (1992) examine barter, a form of exchange that is not developed in this article, but which clearly played a significant role in the workings of socialist economies and in the construction of social relationships in socialist societies.
16. In Eastern Europe and the former Soviet Union George Soros is often held up as an icon of the legendary ‘rags-to-riches’ social mobility that a capitalist system is capable of delivering. Soros’ Open Society initiatives for developing civil society and educational infrastructure in formerly socialist societies have been enormously well received. I have heard numerous Ukrainians interpret the life trajectory of Soros as iconic of the fact that individual enrichment occurs in tandem with the development of moral character and a willingness to make contributions to the greater good of society.
17. Richard Sennett (1974) was among the first to argue this point, followed by Bellah et al. (1985).

References

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