

Failed Countermovement or Informalized Countermovement? Petty Traders and Street-Level Officials Subverting Marketization in Tbilisi

Why do informal economic practices persist and reproduce? The dominant neo-institutionalist answer to this question suggests that the state's failure to introduce market-enhancing institutions (e.g. the rule of law, security of private property and contract enforcement mechanisms) prevents informally operating actors from formalising their entrepreneurial activities. Relying on a Polanyian institutionalist perspective, in this talk I emphasize the importance of yet another type of failure, namely the state's incapacity or unwillingness to complement market-enhancing institutions (marketization) with market-constraining/social regulations and institutions for social protection. I argue that this second type of failure triggers the informalization of the reaction to – or countermovement against – the marketization process. The informalization of the countermovement, in turn, reproduces the reliance on informal economic practices and subverts the marketization process. I demonstrate the argument based on ethnographic evidence on petty trade in Tbilisi and discuss: [1] petty traders' resistance to market-enhancing reforms; [2] the state's unwillingness to address this resistance and accommodate the traders' interests; [3] subsequent informalization of the countermovement involving street-level officials' informal interventions; and [4] the shortcomings of the informalized countermovement.

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