

Variety of informality and institutional change

The existing literature on informality in post-socialist countries tends to associate informality with corruption, clientelist-patronage networks and the informal economy (or “shadow economy”), while formality is often equated with transparency, reliability and development that stands for an idealized “West”. Institutional and cultural legacies as well as the chosen transition path are often considered responsible for why Russia and Eastern Europe are lagging behind. This perception overlooks the fact that the – formal – “rules of the game”, even in the most developed economies and societies, only “make up” a small (although very important) part of the sum of constraints (North 1990, *Institutions*, p.36). Although this notion is widely accepted, the nexus between institutional formality and informality is not yet well understood.

Informal rules and procedures are themselves not an indicator of backwardness, but represent a universal phenomenon in modern societies, i.e. they have increased with the extension of formal regulation. Reducing informality to a “developmental” problem produces not only a normative bias, but also restricts the understanding of informality in institution building and institutional change. However, their forms of occurrence, societal relevance and relation to formal regulation are not accidental. This thesis may not be very controversial. Yet, few endeavors have been undertaken so far to systematically investigate the nexus between formality and informality

Our new call invites theoretical and empirical papers as well as papers from different disciplinary backgrounds that enhance our understanding of the role of informality in institution-building and change, economic development, entrepreneurship, work, welfare production, social policy, public administrative and politics. We welcome papers on the European Union, Eastern Europe outside of the EU, Russia and other post-transition countries. Comparisons with other world regions are also of interest.

Possible guiding questions could include:

- 1) How do (different) formal institutions shape (different) informal rules, norms and practices?
- 2) How do informal rules, norms and practices alter formal institutions and what effect this has on their efficiency?
- 3) How do informal rules, norms and practices react to deficits of formal institutions and what are the outcomes when they fix such deficits?
- 4) What shapes the peculiarity of an informal economic sector in a country?
- 5) How do informal and formal entrepreneurship and employment overlap in different economic, social and institutional contexts? And how does one explain variation?
- 6) What constitutes a culture of informality and creates path dependencies of informal rules, norms and practices in a certain country?

Deadline: 15th February 2015

Submission Guidelines can be found at www.emecon.eu

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