

Of Clients and Chereps

The Organisational Structures of Ukrainian Labour Migration

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Due to solid economic growth, the Czech economy faces increasing labour shortages. The gap between labour supply and demand is partly filled with migrant workers from Ukraine and other former Soviet Republics. Usually paid much less than Czech workers, Ukrainians and Moldovans help to maintain the Czech economy's growth. Despite this economic benefit, citizens of countries of the Commonwealth of Independent States (CIS) have only limited opportunities to work legally in the Czech Republic. In most cases, would-be migrants depend on the services of intermediaries, or so-called *clients*, to organise their stay.

The client services are not provided free of charge; the common exploitation of migrant workers and the connections between clients and organised crime have recently become the topic of several studies (Černík, 2005a, 2005b; Červinka, 2004; INTERMUNDIA, 2005) which indicates the growing political concern. How can the rise of the "client system" be explained? In this paper, I will, after a brief outline of methodology and terminology, present and discuss three mutually complementing approaches to examine the phenomenon: historical, functionalist and post-structural. The first two approaches summarise the research discourse in the Czech Republic whilst the last point of view goes beyond these "traditional" perspectives on the client system. Using studies by leading experts on social organisation in the post-Soviet hemisphere and deploying some of the models developed by these authors, I will attempt to "decompose" the client system into some of its constituent elements such as the principle of master-ship, *reket* technique and *krysha* concept.

My contribution is based on preliminary research (non-standardised interviews) with respondents who have experienced the so called client system. Additional information was taken from the mentioned ethnographic studies dealing with the informal economy in post-socialist countries.

DEFINITION OF TERMS

The term *cherep* refers to the lowest rank in the hierarchical system within the criminal subculture. It originated in former USSR. The term may also be used to describe a Ukrainian (temporary) irregular labour migrant. The whole societal life of these people is concentrated in micro-communities, which are headed by a client. The client could be more accurately described as a master of irregular migrants, but he is a real *client* in the context of organised crime.

Even though living in socially closed groups, labour workers do experience a state of permanent uncertainty (Uherek et al., 2005). They do not know if, or where, they will work tomorrow.¹ From the migrants' point of view, the client is defined as the person who knows the rules of the destination country and who is able (owing to their specialist knowledge) to guarantee protection for the whole collective. Due to his/her position as the master of the group, the client has the possibility to punish workers who disobey their commands. They can also strengthen their dependence by keeping them in an illegal position. However, these constraints do not produce particularly stable micro-communities. Quite frequently the community disintegrates due to external impacts or because individual group members manage to emancipate themselves.²

The client and the working community are within the reach of the "protection" of organised crime. The client must be a good organiser; their job is to monitor simultaneously several processes: look for work, check the workers, receive payments, and provide for the necessary administrative work.

HISTORICAL APPROACH

How can the emergence of the client system be explained? The first approach, which I would like to discuss here, is historical. Several studies by Czech authors are useful in that sense, especially the comprehensive study by Zdeněk Uherek et al. (2005). Even though today's structures reflect the current political and economic environment, they cannot be fully explained without considering older regional patterns of labour organisation.

The majority of authors agree with the assumption that the current mode of organising labour migration in the Czech Republic originated from rural environments in Western Ukraine or Transcarpathia (Bedzir, 2001; Uherek et al., 2005). Examples of historical migration patterns from these regions are numerous: labourers from the regions of

Galicia were working in the industrial sector around Ostrava at the end of the 19th century; in the interwar period, labourers from the Transcarpathian region were recruited to build railways in Slovakia and border fortifications in Bohemia (Uherek et al., 2005). Another stream of temporary migrants from West Ukraine, which can be seen as a predecessor to the pattern which has emerged since the mid 1990s, was the temporary work stays of Ukrainians in Russia during the 1980s and 1990s.

Specific forms of migrant work organisation characterise the long tradition of labour migration from Western Ukraine. Some of these patterns could be seen as “proto-client systems”. One example of such a tradition is “leaving for *shabash*”. *Shabash* was the pattern of short-term labour migration in the environment of Soviet socialism. Semi-national business companies, kolkhozes and cooperatives or individuals hired *shabashniky* as mobile groups of labourers for short-term construction work. These migrant workers were on the edge of the shadow economy; the group (brigade) was headed by a *brigadyr* who would procure work, pay the wages to other labourers, and if needed, also ensured the formal legal personality of the group (for example, as a unit of a cooperative). In the 1980s, the tradition of *shabash* became part of the cooperative movement within *perestroika*, the unsuccessful economic reconstruction of the Soviet economy. This was the moment when the *shabash* tradition became part of the domain of organised crime.

Labour migration of Ukrainians and citizens of other countries from the European part of the CIS, to the territory of the Czech Republic went through a relatively short, however, rather turbulent development, which can be divided in three phases.

•• Unrestrained period – from the beginning of the nineties to 1996

Up to the year 1996, the Czech Republic was the preferred destination of labour migration from Ukraine. This period was characterised by the chaos that accompanied the changes in the political and economic environment (Drbohlav, 2004). During those years the economic activities of Eastern Europeans in Czech territory were organised spontaneously. The prevailing pattern of organisation was relatively risky for the Ukrainians, who offered their own workforce to potential employers on “open-air” labour markets, such as the Prague fairground in Holešovice (Bedzir, 2001).

Informal networks were, at that time, taking care of migrant labour organisation almost without any transaction costs. At the end of the first half of the 1990s, the entities informally organising labour migration – future clients – started to consolidate their business. The lack of restraints during this period provoked a reaction from the Czech institutions in an effort to regulate the influx of labour

migrants. At the same time, there were efforts to economically exploit labour migration by formations of organised crime (Uherek et al., 2005).

•• Transformation period – the second half of the 1990s – 2000

This was a crucial phase in the formation of the manners of organised labour migration. The emergence of today's client system was preceded by a period when migrating labourers were increasingly robbed and blackmailed by gangsters both in the Czech Republic and the CIS. The markets, then benefiting from cheap foreign labour, started to be influenced by the implementation of the Czech Republic's new, more restrictive, Foreigners' Law.

The clients, until then acting in lesser structured context (for example, as informal representatives of groups of workers), started to transform their position into both formal and informal institutions. The organisational mode known as the client system gradually started to dominate the market with cheap labour from the former USSR in the Czech Republic.

•• Stabilisation period – the first years of the 21st century:

The concept currently known as the client system went through a major consolidation. Up to this point, it was possible to view the phenomenon as part of the institutionalisation process. Consolidation of the set of informal rules and manners organising the community of temporary labour migrants from the former USSR was completed simultaneously with the development of institutional change, with, for instance, the implementation of the visa regime by the Czech Republic for citizens from countries of the former USSR. The new status of affairs was most visible around the Czech embassy in Kiev, which was crowded everyday with several hundred visa applicants, who sometimes had to wait several weeks. Such a situation logically became a “marketplace” for migration services. The clients expanded on trade with migration services and improved techniques of recruitment. These circumstances led to the zenith of the client system.

FUNCTIONALIST APPROACH

The preceding section explained the emergence of the client system as the gradual evolution of historical patterns, which go back as far as the 19th century. An alternative explanatory model could be labelled the functionalist approach. From this perspective, the client system appears as the most effective organisation of labour import under particular economic and political conditions. The client system can be described as the result of interactions between state regulations, employers, migrants and informal networks, which benefit all key actors, though not always the migrants.

The functionalist approach is a useful tool for the examination of interactions between organised crime (informal networks) and formal institutions (Pejovich, 1997). It is also useful to reflect on studies of organised crime in countries of the former USSR (Volkov, 1999). Informal networks emerge and informal rules are applied in reaction to the inefficiency of the state. Effectiveness of the informal structures is “... centred around enforcement of contracts they are responsible for.” (Pejovich, 1997). As long as the state is unable to enforce the economic interactions of the population, it gives room (profit) to private enforcers of the rules (mafia).

Unfortunately, the phenomenon of the client system demonstrates that this is the case in the Czech Republic. The establishment of this particular system of labour organisation may be viewed as complementing certain developments in the criminal underworld. Relating factors were measures restricting legal access of foreigners to the labour market and new, restrictive foreigners' laws. The result was a gradual shift of a significant number of labour migrants to the shadow economy (Drbohlav, 2004; Uherek et al., 2005). These steps resulted in the growth of transaction costs to all actors involved in labour migration.

Employers have a key role in organising cheap labour under informal rules, since the client system leads to a decline in transaction costs. The reduced costs of an informal system include: the non-payment of social security levies, the non-payment of health insurance and the avoidance of demanding administrative procedures, which would otherwise be necessary to legalise the stay of a foreigner. Furthermore, the Czech employer does not have to comply with the duties imposed by the Labour Code. The employer involved in the client system rather accepts a set of informal rules imposed by private enforcers.³ Via the client system, the employers enter the world governed by informal rules generated in the environment of the black economy in the former USSR, together with all the techniques and the relevant criminal practices.

I demonstrated that, to a certain extent, the organisational patterns of Ukrainian labour migration to the Czech Republic have their origins in the traditions of Western Ukraine. The functionalist approach demonstrates how the Czech employers benefit from the reduction in costs brought about by the client system. The original informal rules are a “Soviet import”, but the Czech Republic's economic and legal environment has, to a large extent, influenced their practical application.

POST-STRUCTURAL APPROACH

The last approach presented in this paper is not an entirely new approach, yet rather a kind of synthesis. It is an attempt to deconstruct the client system by identifying

some of its governing principles. In attempting to address the central issue of control, I will make use of models developed by Caroline Humphrey and Katherine Verdery, social anthropologists who work on the transition of post-communist economies. Additional inspiration was provided by the writings of Vadim Volkov, professor of sociology at the European University St. Petersburg.

•• Principle of mastership

Humphrey discovers mastership as a mode of organisation of production in rural areas in her brilliant essay on the everyday economy in post-socialist Russia. A strong principle of authority exists within the collective economic activities of ordinary people functioning as ‘socially compendious groups’. The working collective is directly controlled by a master, who holds specific knowledge and connections for the maintenance of resources (Humphrey, 2002).

The Soviet economy was not established on capital but on collective work. This caused a politicisation of working collectives. They have been both economic and political units.⁴ Verdery (1996) classified the transient status of post-socialist economies in Eastern Europe as a shift from socialism to feudalism. From such a perspective, the irregular labour migrant (*cherep*) can be seen as a voluntary serf. He or she works under a small feudalist (client), who protects his subjects against external influence, supervises internal rules of the community, and ensures earnings for all members. The client provides knowledge of the rules; this concerns the rules of both the Czech society and of the underworld. They link the individuals to the external world, while isolating them at the same time. The relationship between the client and the worker is based on responsibility and confidence. “The serf” has to pay for the protection and services in form of a “tax” (usually 30 to 50 percent), which the client deducts of each worker's wage. This exploitation notwithstanding, the client system is a safe haven for the labourer. It is a sphere where they are protected from the inscrutable and often hostile foreign environment (Černík, 2005a).

•• Reket

The term reket is very often used in the context of the shadow economy in the CIS countries. How does this term relate to the concept of “mastership”? Mastership is a certain social structure, while “reket”, the regular collecting of fees in exchange for protection provided by a person or a group, is a social practice. Practice and structure are mutually complementing. Offering protection and asking for *reket* is possible only because of the mastership structure; in the same time this practice reinforces the structure. The essence of *reket* technique is the payment for political protection of economic resources. Volkov (1999) generally defines these practices of protection in his study on “violent entrepreneurship as enforced partnership” (*silovoe partnerstvo*).

The technique of the *reket* and its practices are basically the most primitive form of police work. Its aim is the enforcement of informal rules, which control the behaviour of individuals and groups due to the absence (or non-enforcement) of formal rules (Humphrey 1999). Labour migration is an excellent example of the case where the principle of *reket* leads to economic interconnections between the criminal world and the world of common economic behaviour.

We noted before that part of the *chereps'* salary remains with the client, who is in this way compensated for his protection. However, not all of this money remains with the client. The client must regularly pay upwards to protect his economic resource, the workers' collective. If they failed to pay the requested "tax", they would expose themselves to serious risks within the organised crime world. Despite of this, their business remains very profitable.

•• Krysha

In Soviet times, the word *krysha* (Russian: roof) was used as a generic term for private transactions within socialist state economy (Humphrey, 1999). The term changed its meaning in the early 1990s, when it began to be associated with organised crime. Volkov (1999) attributes this shift to the entry of the former Soviet security forces into the trade with *reket*s.

Today, the principle of *krysha* is used to describe interconnections between the legal businesses sphere and the criminal underworld. Humphrey (1999) describes *krysha* as the social context, in which *reket* is used. Various formations of organised crime and different kinds of activities (*reket*, corruption, "money cleaning", etc.) find their place under the *krysha*.

The client system in the Czech Republic bears a striking resemblance to *krysha* in former Soviet countries. Like the *krysha* described by Humphrey, the client system links the regular economy of the Czech Republic with the world of organised crime. The client system is the *krysha* which ensures "law and order" in the shadow economy and allows the provision of *reket*. To support my thesis, I want to draw the reader's attention to the etymology of the term "client system". As noticed in the beginning, the term originated in the environment of organised crime and refers to the "consumers" of their protection / *reket* services. Being the masters of the individual migrant workers, the clients fulfil the role of intermediaries between legal businesses and the world of organised crime. Due to this function, they are crucial in maintaining the client system.

CONCLUSION

The client system has become the object of increased interest in the Czech Republic's scientific community as well as of political concern at the level of central

administration. Alarmed both by the interconnections between organised crime and labour migration and by the exploitation of the Eastern European labourers, which are documented in a number of publications, there have been calls for a reform of the country's migration policy. The purpose of this article was not to recommend better policy solutions, yet to better understand the origins of the current situation. Are the set of rules known as the client system imported from the migrant workers' countries of origin, or are they the product of certain aspects of the Czech Republic's legal and economic environment? It is important to understand the answers to these questions if there is to be any improvement of public policy.

I attempted to show in my text that it was helpful to combine several approaches to better understand the client system's nature and origins. The first line of argumentation explains the client system in its current form as the outcome of a long evolutionary process. In the course of this process, traditional patterns of labour organisation have changed, reflecting the varying conditions both in the Czech Republic and in the migrants' home countries. The second approach presented explains the current pattern as an inexplicit convention between different stakeholders (employers, the clients, organised crime and state institutions) to benefit from the economic exploitation of foreign labourers. In my understanding, it is useful to conceptualise the client system's genesis as a combination of historical and functional factors. On the basis of this assumption, I presented concepts developed by Humphrey, Verdery and Volkov in the third section of the text. Originally invented to describe common structures in the post-Soviet economies, practices such as *reket* (protection), the payment of "taxes", or the principle of mastership can also be used to aptly describe the relationships within the client system. I demonstrated that what is known in the Czech Republic as the client system is in fact a regional modification of the *krysha*, a roof that links legal and criminal economic activities.

One reason for the success of the client system is the economic profit, which is shared among clients, criminal structures, and legal Czech businesses. A second reason is the Czech Republic's restrictive regulatory framework on migration, which made it difficult for would-be migrants to access the Czech labour market without the help of intermediaries. Once established, it is very difficult or even impossible to rid our economy from the structures of the client system. Since there has always been a tendency within the underworld to assimilate to the habits of the regular economy, it might be a promising approach to encourage clients and other intermediaries to operate fully within the legal system. However, this will not be reached by a policy that attempts to tackle the client system through the criminalisation of migrants, who are indispensable for the Czech economy.

- 1 *We can conceive uncertainty and flexibility as two sides of one coin. The client offers the flexible workforce of his collective to various employers. It is his/her main commodity on the Czech labour market.*
- 2 *Social mobility within the frame of irregular labour migration from Ukraine and other CIS countries is underresearched domain in the Czech Republic. The key questions are whether processes of stratification are connected with the ir/regularity of the stay and work or if they depend on permanent immigration.*
- 3 *Finally, the employers release themselves from any liability for Ukrainian workers because of the demand for cheap labour it started to be supplied on a certain kind of contractual basis by clients' companies.*
- 4 *Belonging to some of client's collectives has a high political value in the uncertain zone of the shadow economy. Chereps are required to demonstrate their belonging to a certain client on different occasions (Černík 2005a).*

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