Bazaars at crossroads

What they reveal about informality, globalization and capital mobility

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Kara-Suu bazaar, southern Kyrgyzstan (Photo by author).

Bazaars were once considered particular to so-called traditional societies, especially in Asia, and were expected to transition to modern markets as national economies developed. But despite steady economic growth in the latter half of the twentieth century, bazaars have continued to proliferate. That they continue to do so makes them uniquely suited to study state-society dynamics. My fieldwork in Central Asia—and the Karakoram high mountain region of north Pakistan—illustrates how bazaars reveal informal relations in the commercial realm, elite ownership of rent-generating marketplaces, and horizontal networks between traders. Bazaars also offer a window into globalization; besides who and what moves, how borders are negotiated by traders nuance our understanding of transnationalism. Finally, bazaars offer unique perspectives on how global and regional political economies manifest at the grassroots level.

Geographic crossroads

The onset of Anglo-Russian rivalry in the mid-nineteenth century, popularly known as the Great Game, brought a stream of Europeans to Central Asia: as envoys and spies, cartographers and explorers, artifact-seekers and adventurers. While 'Central Asia' was then a shifting category—variously encompassing regions that today fall within Afghanistan, China, Pakistan, as well as Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan—Central Asia was seen as a geographic crossroads linking West Asia and Russia on the one hand, and the Qing and British Indian Empire, on the other. Many European sojourners left detailed accounts of their travels through the region. A central feature of their accounts was the bazaar, which was both a ubiquitous public space, *and* accessible to visitors (some of whom only had a faint understanding of the communities they were visiting). Unsurprisingly, in these writings, the bazaar was a place of curiosity, and uniquely characteristic of local, Asian societies.

By the middle of the twentieth century, however, the Asian bazaar had lost most of its earlier exotic appeal. This was specifically the case in Central Asia, which saw the imposition of Chinese and Soviet command economies; socialist ideologies sought to modernize so-called backward and localized means of production. More generally still, across Asia, the bazaar was a remnant of what Western social sciences were describing as traditional societies. In part, the reasons were geopolitical. They stemmed from the end of the Second World War, and the European impetus to decolonize, in no small part resulting from US impatience with lingering colonial rule in Asia.

But here too there was an ideological framing under the rubric of modernization theory. Modernization theory categorized bazaars as places of unregulated, personalized exchanges. (This view of the bazaar was not dissimilar to how bazaars had been viewed by nineteenth century travelers). Following decolonization, it was assumed that with the development of national economies, bazaars would be replaced by the modern market. Unlike bazaars, markets were purportedly rational institutions: prices were fixed, information circulated evenly, interpersonal relations between seller and buyer were inconsequential. Following a linear Rostovian model, anthropologist Clifford Geertz famously envisioned the bazaar-to-market transition following the arc of national economic development in Asia.[1] This was the bazaar at another crossroad: it was a holdover from traditional economies, assumed to transition to its modern form, the market, as national economies grew.

But this was not the case. On the contrary, beginning in the 1980s, bazaars proliferated: in China, in Central and South Asia, and generally, across the continent even as national economies diversified and grew. The growth of bazaars mirrored population growth and growing national economies. While there was a rise of a *formal* market in each of these regions—regulated capital flows adhering to state regulation—these did not preclude the proliferation of bazaars. My research in Central Asia, China and the Karakoram mountains of north Pakistan, demonstrates how bazaars are informal spaces yet uniquely globalized, and how they offer insights into twenty-first century capital flows. While my field research has traced commercial network and connectivity infrastructure from China's Xinjiang region into Kazakhstan, Kyrgyzstan and Pakistan, my conclusions should corroborate similar processes unfolding elsewhere in Asia.

Informality

Bazaar trade is informal for three reasons. First, even though the trade is licit, it is largely unaccounted in state bookkeeping. In the bazaars I study, most of the merchandise is Chinese-made apparel or light-manufactured items for household or office use (in Central Asia, Turkey is a distant-second country of origin).[2] But while bazaar trade contributes substantially to the national economy—in Kyrgyzstan, the undocumented bazaar economy may actually be larger than the documented economy—it remains outside national statistics. Second, these bazaars are informal institutions because of elite control. This control enables rent to be siphoned to an entrenched elite or bureaucracy for whom steady revenue consolidates their authority. Hence the bazaar is an informal rent-generating institution tailored to benefit a small stratum within society. Third, the bazaar is informal in how it consolidates horizontal networks, such as between sellers who might be from the same clan, laborers from the same village, buyers and sellers who build a relationship over time.[3]

This informality—undocumented exchanges, elite control over sectors of the economy, horizontal networks—can be traced to the 1980s, a pivotal decade in China and the Soviet Union. "To get rich is glorious", Deng Xiaoping's axiomatic phrase was true not only for reform-era China, but the Soviet Union under perestroika, too. In this new economy, hard currency was the medium of exchange, in what Gordon Mathews poignantly described as "a world of cash".[4] By the 1990s, the regional elite were creating niches in the new economic landscape: as patrons of the new markets in Central Asia; as transporters and logisticians in Xinjiang; and as service providers along Karakoram villages. While a shadow economy in the form of a black market had previously existed, the new profit-making ethos opened spaces for individual traders; beginning in the late 1980s, Chinese (both Han and Uyghur), Kyrgyz, Kazakh, as well as Pakistani and Russian traders enjoyed opportunities for trade. Trading groups were organized around kin or clan networks; in 1990s Central Asia, the same informal networks served as a safety mechanism during precarious economic times. While the proliferation of a bazaar economy was only one part of the complex macroeconomic changes in Central Asia (currency reform, FDI, SOE reform, privitization, trade liberalization), it was undergirded by informal relations.

Globalization

In its most basic form, the Central Asian bazaar economy rested on the ability of merchants, merchandise and capital to move across international borders. Consider Dordoi bazaar in Bishkek, Kyrgyzstan. Dordoi is the second largest wholesale bazaar in Central Asia with about 20,000 outlets. An estimated 60,000 people are said to work in Dordoi. In data tabulated from 200 open-ended interviews with bazaar traders in 2013, I learned that more than a quarter of the people had traveled outside of Kyrgyzstan for business (almost all of them to China). Additionally, 77% of the merchandise was of Chinese origin. Although traders are usually reluctant to talk about money, payments traveled in the opposite direction. Information flowed readily too. I have spoken with scores of traders who make an effort to keep up with the latest fashion trends, whether through the Internet or by paying attention to 'top shelf' items at destinations like Istanbul. The bazaars I study are buyers' markets; shoppers survey the market before making their purchase. Clearly, the Geertz framework of the bazaar representing localized exchanges was not applicable for Central Asia's large bazaars. Finally, it is worth underscoring that the sellers are independent traders. Typically, in the Central Asian bazaar each outlet represents a stand-alone business, notwithstanding the fact it may enjoy the support of informal kin or clan networks.

The mobilities I describe were not unrestricted; conversations with traders reveal how recurrent border closures and new tariff regimes actually are. Both affect traders' bottom line. The 'grassroots globalization' (or 'globalization from below') in trader mobility rested on the ability of traders to negotiate border checkpoints. Often, the circulation of goods and the movement of cash was seemingly in *violation* of state regulations; simultaneously, it can also be considered a negotiation of border checkpoints, that were cognisant of how authority was localized in particular chokepoints, and how it could be negotiated. This then was not a borderless world, but one where individuals required knowledge of how to negotiate state regulation.[5]

Capital mobility

Finally, besides what they reveal about informality and globalization, bazaars illustrate trajectories of global capital flows. Consider Afiyatabad, a non-descript border market in Pakistan's Karakoram mountains. The Karakoram Highway runs through Afiyatabad, and 75 kilometers later it joins the Chinese road network at the Pakistan-China border. After 2013, the China-Pakistan Economic Corridor was mapped onto the Karakoram Highway, which subsequently became one of six economic corridors under the Belt and Road Initiative, and its flagship project.

While the volume of cargo from China passing through Afiyatabad has increased sharply since 2015—container trucks barrel through the bazaar all day—traders complain they are worse off now. The reason: a new border regime clamping down on local cross-border peddling, which had previously sustained commerce in the small bazaar and injected small volumes of cash into local household economies. Standing in Afiyatabad amidst closed shops as containers roll past, the bazaar suggests that the Belt and Road Initiative moves investment capital between increasing distant locales—or 'pivot cities', in China's policy lexicon—thus transforming bordering for communities for whom cross-border mobility was essential. Hence, what is promised as benefit-for-all or win-win in Belt and Road globalizing narratives ends up bypassing the very people on the frontlines of the new geographies of connectivity.

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Notes

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3. H.H. Karrar. 2019. 'Between Border and Bazaar: Central Asia's Informal Economy', *Journal of Contemporary Asia* 49(2).
4. G. Mathews. 2011. *Ghetto at the Center of the World: Chungking Mansions, Hong Kong*. Chicago: University of Chicago Press.
5. Ngo, T-W. & Hung, E. 2019. 'The Political Economy of Border Checkpoints in Shadow Exchanges', *Journal of Contemporary Asia* 49(2).