

PECULIARITIES OF TRANSMIGRANT ADAPTATION IN THE “TWIN CITIES” OF BLAGOVESHCHENK AND HEIHE

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I will start my report by emphasizing the main theoretical frameworks that are relevant to my topic. The first framework is that of the “double” or “twin cities”. As Ehlers, Buursink, and other scholars have argued, the themes of the socio-economical reality and daily activities of border residents have become very important for “understanding the processes behind cross-border cooperation”, especially since the “economic development of the border regions is still lagging behind” in spite of opposite expectations². From this point of view Blagoveshchensk and Heihe form an interesting case study with a specific regional context of depressed economies, low population density, and the commitment of the Heihe authorities to building “bi-national cities”³. The second framework is the idea of transnational migration as an alternative form of migrants’ economic adaptation⁴. I have personally observed and researched the daily economic practices of migrants from the position of adapting to change in the Russian and Chinese borderland societies. The third framework is the theoretical concept of an informal economy⁵. The regional peculiarities of the Amurskaya oblast’ and Heilongjiang province consist of a widely developed informal cross-border cooperation and a much more minor development of formal economic relations.

The main questions posed in my paper are the following: Why and how does informal economic activity develop in the locality of study? What does the role of transnational migrants’ economic adaptation play in this process?

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² Ehlers N., Buursink J., Boekema F. Introduction: Binational cities and their regions: From diverging cases to a common research agenda// *GeoJournal*. 2001. # 54, 1. P.1.

³ “Now our cities have a good perspective from the point of view of international relations between the PRC and the RF and also from the point of view of integration into Northeast Asia... In 2005 we proposed the concept, “one city of two states”, and completed an agreement and got an active response from Amurskaya oblast’ and the city of Blagoveshchensk. Even now this concept has become our joint brand of intergovernmental collaboration”. **Van Fan**. Aktivizatsia realizatsii koncepcii “Dva gosudarstva – odin gorod” sposobna usilit’ konkurentosposobnost’ I vzaimodopolnyaemost’ Heihe i Blagoveshchenska (Acceleration of the implementation of the “two states – one city” concept can improve competition and complement the abilities of Heihe and Blagoveshchensk) // *Rossiisko-kitaiskoe prigranichie v integratsionnykh processah v SVA: problemy i perspektivy* (Russian-Chinese borderlands in integration processes in the NEA: problems and perspectives). Papers’ collection / Ed. by **Sorokin A.P., Ryzhova N.P.** FEB RAS. IGNM. Blagoveshchensk, 2007. pp. 113-119.

⁴ **Portes A., Guarnizo L.E., Haller W.J.** Transnational Entrepreneurs: An Alternative Form of Immigrant Economic Adaptation// *American Sociological Review*. 2002. Vol. 67, #2. pp. 278-298; **Glick Schiller N., Basch L., Szanton Blanc C.** From Immigrant to Transmigrant: Theorizing Transnational Migration// *Anthropological Quarterly*. 1995 Vol. 68, #1. pp. 48-63.

⁵ **Feige E.** Defining and Estimating Underground and Informal Economies: The New Institutional Economics Approach. *World Development*. 1990. 18 (7). pp. 989-1002.

THE FLOWS OF COMMODITIES AND PEOPLE

The first area I would like to cover is the disagreement over the significance of the commodities and people transiting through Blagoveshchensk and Heihe customs. The three border ports of Zabaikalsk – Man Zhou Li, Pogranichyi – Suifenhe, and Blagoveshchensk – Heihe form the main points of border trade and migration flow at the Russian-Chinese border.. The flow of goods to and from Blagoveshchensk is insignificant if we compare it with the flows to and from Zabaikalsk or Pogranichyi. Nevertheless, individuals’ border crossings in Blagoveshchensk-Heihe are significant even on an all-Russian scale (19% of citizens of the Russian Federation go to China via Blagoveshchensk and 13% of citizens of the Peoples’ Republic of China go to Russia via Heihe)⁶.

Table #1. People and commodity flows at the Russian-Chinese border in 2006

| Indexes | People crossing* | | Commodity flows** | |
|---------------------------|--------------------|--------|-------------------|--------|
| | Th.of people-times | % | m. ton | % |
| Blagoveshchensk – Heihe | 564 | 18.19 | 0.3 | 1.03 |
| Zabaikal’sk – Man Zhou Li | 1730 | 54.51 | 21.1 | 72.76 |
| Pogranichnyi – Suifenhe | 590 | 27.30 | 7.6 | 26.21 |
| Total | 3100.2 | 100.00 | 29.00 | 100.00 |

* Data from the Peoples’ Republic of China, Ministry of Commerce, with reference to Xinhua Agency. <http://english.mofcom.gov.cn/>

** Data from Russian Railways, <http://doc.rzd.ru>

Why are these figures so disparate? I believe that the main reason is the widespread informal economic practices in the process of transmigrant adaptation. “Transmigrants are immigrants whose daily lives depend on multiple and constant interconnections across international borders and whose public identities are configured in relationship to more than one nation-state”⁷. Let us for now consider all investigated groups as “transmigrants” (assuming that all of them do not have a constant residence, but live and work “between the border”); I will discuss this question at the end of report.

ECONOMIC ACTIVITIES OF CHINESE TRANSMIGRANTS

Let us now focus on the economic practices of border utilization by Heilongjiang residents in the areas of (1) job placement at residential and non-residential firms in the Amurskaya oblast’ and (2) transnational entrepreneurship.

⁶ The percentage of Chinese entering Russia via Blagoveshchensk out of all foreigners entering Russia at all ports is 0.3%; the analogous index of Russians entering China via Heihe is 0.2%. The population of Blagoveshchensk as a percentage of the total population of the Russian Federation is 0.13%; the analogous index of Heihe (Aihui) is 0.015%. The indexes for 2006 are listed in the Russian Statistical Yearbook (Rosstat, 2007) and the China Data Center at the University of Michigan (<http://chinadatacenter.org/>).

⁷ Glick Schiller N.; Basch L.; Szanton Blanc C. From Immigrant ... P.48.

Job placements

As indicated by official statistics, the percentage of Peoples' Republic of China citizens in the Amur labor market was 3.2% in 2006⁸. However, some portion of the Chinese migrant workers (known as “gasterbaiters”) has not been taken into official observation. It is possible that these migrant workers arrive on commercial or tourist visas, but actually work as illegal “gasterbaiters”. As indicated in an inspection by tax and migration control organizations, 15% of the employers –local firms – did not inform these organizations of their use of migrant workers and did not officially designate working relations⁹. According to my interview data the percentage of such cases is twice as much as reported, and both resident Amur firms and non-resident firms use undocumented migrant workers.

Chinese “gasterbaiters” are employed in both skilled and unskilled positions, but almost always perform manual labor. Skilled migrant workers work in factories, which have previously tried hiring Russian citizens and have usually found it too difficult to recruit Russians for these positions¹⁰.

Conditions for official migrant workers are different from conditions for Russian citizens in terms of both wages and the duration of paid vacation. Furthermore, Chinese migrant workers try to work more than eight hours per day and have the right to choose to do this. Illegal “gasterbaiters”, on the other hand, do not have any rights –they often work in illegal enterprises, where their work day lasts for at least 12 hours. Their places of residence are not considered habitable—their kitchens do not correspond to the sanitary requirements of the Russian Federation, and the mechanical equipment they use is manual, extremely hard to operate, and unsafe. They have no holidays, weekends off, or vacations.

Chinese entrepreneurs in the Amur region have largely not been observed by official statistics, with the exception of the mediators' activity. It is easy to understand why. Only some Chinese citizens have Russian residence permits. Obtaining a permit is difficult in the face of administrative barriers and is basically impossible for most representative small traders and native owners of Chinese restaurants to obtain. For example, in 2002 the chief procurator of the

⁸ Amurskiy statisticheskii ezegodnik (Amur Yearbook). Amurstat. Blagoveshchensk, 2007.

⁹ Information from the Press-center of the Russian Federal Migratory in the Amurskaya oblast'// “Amurskaya Pravda”. Newspaper. 2007. October, 23.

¹⁰ Kadry reshauyt vse (Personnel solve everything)// “Amurskaya Pravda”. Newspaper. 2004. April, 3: Machine-building plant “Amurskii metalist” from 2004 consistently uses molders, burners, turners, welders, and foundries from the Peoples' Republic of China.

city of Blagoveshchensk fined the city mayor for registering 525 Chinese citizens as entrepreneurs¹¹.

The institutional vacuum at the beginning of the 1990s has now been transformed into an infinite shifting of the rules of the game. The change in trading laws affecting migrants is continuous. Even if these changes force the situation into legal action, in actuality the result is deformalization and deepening of corruption. I believe that goods, which are produced in China involving a violation of patented rights and/or by “grey channels”, are necessary for the Russian market or some of its actors.

The following spheres of Chinese entrepreneurship in Blagoveshchensk are extant: (1) traders (“people trade” or “shuttle trade”) (2) and “ethnic” restaurants, (3) buildings, (4) productions, including mining resources, (5) agriculture and logging, and (6) mediator (or “middle man”) services.

Traders

In 2007 the local and regional authorities of the Amur Department of Federal Migration Service and commercial enterprises had to resolve the “Chinese question”, because in that year a legislative act restricting migrant trading at retail markets was approved by the Federal government. It was understandable for everyone that this initiative is not advantageous for the Amurskaya oblast¹². In particular, at least 10 percent of Blagoveshchensk’s city budget comes from Chinese traders. Officials, heads of trading centers, and representatives of Chinese traders found ways to circumvent these new legislative rules. Some of the Chinese traders went to the new centers and some of them stayed at the open market, but this market was called a “small-scale wholesale commercial depot”, not “a retail market”. In reality, some of the “Chinese traders” worked at the trade centers before this legislation passed, and some of them had “false fronts” (Russian salesmen). As a result of this coordinated activity and in spite of the restrictions, Chinese traders still worked at retail marketplaces, at the depot, and at the trade centers.

Ethnic restaurants

In Blagoveshchensk the proportion of “ethnic Chinese restaurants” and “other restaurants” is 70% and 30%, respectively. Not all of the “Chinese restaurants” have a Chinese owner, but most of them do, and all of them have Chinese cooks. It is not easy for Chinese migrants to open restaurants legally; therefore, there is a widespread business scheme in which a business is registered by a Russian citizen, but actually part or all of the firm is the property of a Chinese

¹¹Prokuraturoy Amurskoy oblasti obobshchena pravoprimenitel'naya praktika v sfere migracionnyh otnosheniy. Rossiya i Kitay: pravovoy i socialno-economichekieskie aspekty (Analysis of enforcement practices in the migration sphere by the Procurator of the Amur region. Russia and China: lawful and social-economic aspects). Draft.

¹² Amurskaya Pravda. Newspaper. Blagoveshchensk. 2006. December, 2.

entrepreneur. Some of these restaurants have never been registered and have never obtained any licenses¹³.

Construction

There are two forms of Chinese construction businesses in Blagoveshchensk. The first is an official middle-scale transnational company with a complete building cycle, and the second is a small, semi-legal or illegal firm that can be hired for repairs, renovations, and so on.

The success of most firms in Russia is related to having “the skills to create partnership relations” with power structures. For Chinese firms, “relations with power structures” are more significant¹⁴. Semi-legal or illegal work crews work extremely hard at different objectives. Members of these work crews have non-standardized work schedules; receive a minimal, non-competitive salary; and cannot walk freely on the streets of Blagoveshchensk.

Agriculture

Firms and “strong” individual peasants from the Peoples’ Republic of China lease rural, uncultivated land from the local countryside and produce vegetables and grain. The Chinese media has stated that representatives of 20 cities and villages in the Heilongjiang province work in rural production in Russia. Part of the produce goes to local (Amur region) retail for processing and due to reduced risks and customs duties, brings bigger revenue in comparison with trade in agricultural exports from Heilongjiang¹⁵. According to official Amur data, in 2006 there were 345 people from China working in rural production in the Amurskaya oblast’.

The largest part of Chinese rural workers comes from villages and works incredibly hard due to the high unemployment rate in China. These groups of migrants often arrive with their families.

Logging

Logging restrictions in China have lead to an increase in logging in the Russian Far East. Logging in the Amurskaya oblast’ and other regions of the Russian Far East is often conducted illegally¹⁶. There are various illegal practices employed, including logging without a license or with a false license; logging outside of the permitted area; logging more trees than allowed; and logging of protected trees or in protected territories. In addition, there are violations of export

¹³ Kafe-nevidimka (invisible restaurant) // Amurskaya Pravda. Newspaper. Blagoveshchensk. 2007. December, 4: “We have a lot of unregistered restaurants in Blagoveshchensk. It is amazing that this restaurant, which is located near the Blagoveshchensk Tax Service building, has operated for more than 10 years and does not pay any taxes” (Data from a revision by Russian consumer supervision).

¹⁴ «Huafu (building company with 100% non-residential capital – N.R.) does not feel so good. Someone connected it to the replacement of the city mayor, who is building collaboration with other Chinese companies. ... In particular, the mayor has actively recruited a new firm, ‘Udacha-story’”. **Romanova K.** “Huafu” dostroit neboskreb (Romanova K. “Huafu” will finish skyscraper)// Amurskaya Pravda. Newspaper. 2007. March, 3)

¹⁵ Razvitie sel’skogo hozyaistva provincii Heilunczyan (Agricultural production development of the Heilongjiang province)// <http://www.chinazone.ru>.

¹⁶ ¼ of all economic offenses connected with illegal logging takes place in the Amurskaya oblast’.

laws: export schemes via dual or triple commission agreements; legalization of illegally-bought timber by a double resale; falsification of the actual amount of timber in customs documents; and so on.

Of importance is the fact that both Russian and Chinese actors (both firms and individuals) are involved in informal logging activity. Their extended business scheme goes as follows: An exporter in Russia and an importer in China is in reality a single firm and is registered for “one day” (for a short period).

Industry

Small-scale, informal industry and mining activities are conducted in the following fields: gold¹⁷, coal mining, and production of building materials. As a rule, these activities are possible due to participation of Russian citizens (either official or as fake entrepreneurs or partners)¹⁸.

The functioning of the *transboundary market*¹⁹ would be impossible without “**mediators**” who substitute the “traditional” market mechanisms, provide a special method of enforcement and minimize transaction costs. The mediators’ services range from absolutely legal and/or formal to semi-legal and even criminal. Legal mediators can offer “grey” services. For instance, before legislation was adopted, banks in the Amurskaya oblast’ used currency transaction schemes, which were legal in form, but evasive in spirit. Illegal mediators can provide services, which from the point of view of common sense are absolutely transparent, but illegal according to the law. For example, many people from Blagoveschensk, buying furniture in the “Hu-shi” free trade zone of the city of Heihe, are compelled to apply to the channels used for grey commercial import.

Mediators perform the following functions: 1) Searching and selecting potential counteragents as well as bringing potential counteragents together are the main function of mediators. For example: a Chinese entrepreneur is interested in buying a business (wood-processing workshop, coal mine, etc.) and applies to the corresponding entity (This can be a translation agency, former partners, Chinese entrepreneurs with much social capital, etc.); 2) Seeking out information on the price of goods and services and the client’s reputation and weak

¹⁷ Filippov V.V. Nezakonnaya dobycha i realizatsiya zolota v Habarovskom krae (Illegal gold mining and sales in the Khabarovskiy Krai). Grant report. 2002, May. (<http://www.crime.vl.ru>); Prokuratury Amurskoy oblasti...

¹⁸ The mass media has various offers to sell production capacities. Vostochnyi kur'er (Oriental courier). Newspaper. 2006. № 34. September, 15: “We sell functioning logging plates with 2.5 GA area, which is situated in the Amurskaya oblast’... Ties with the authorities and Leshozah (Forest Service) are included. ... We guarantee help in starting a business with wage compensation”.

¹⁹ Ryzhova N.P. Trans-frontier labor market in Blagoveshchensk/Heihe // “A bridge across the Amur river”. International Migration and Migrant in Siberia and the Far East. International research workshop proceeding House, 2004. – P. 361-376: “The transboundary market is the institutionally formed space, whose structure is made of transnational organizations and transmigrants, their steady ties and the resources utilized by them and whose organizational field is formed by formal and informal institutions (rules of the game and control), used by these organizations and migrants”.

and strong points. The mediator goes through different channels and gets information from various private and state entities. 3) Advertising activity (e.g., channels of personal communication, leaflets, participation in exhibitions, mass media, new advertising agencies). Legally the joint companies in this sphere are seldom registered; usually the representatives of the company act on behalf of this company abroad. 4) Making business deals on behalf of the client in one's own name and controlling the performance of contracts. These functions are also widespread. This function can be performed by a Russian citizen (firm) in the interests of a Chinese entrepreneur (firm). The function of making deals and the function of control remain the prerogative of the representatives of one's own state.

ECONOMIC ACTIVITIES OF THE RUSSIAN TRANSMIGRANTS

Now we will focus on the economic practices of border utilization by Russian citizens: (1) "the grey import channels" (this activity is conducted by the majority of people going through the border); (2) entrepreneurship; and (3) job placement.

"The grey import channels"²⁰

If Chinese traders selling cheap goods of low quality transport them officially by the laws, necessary to sustain the turnover, the taxes will make them uncompetitive. To decrease taxes, they must pretend that the goods are meant for "personal needs". For this, Russian citizens bearing foreign passports are hired. On average they transport five pieces of the same goods. Suppose the Chinese trader has to transport 500 pieces of something. He has to hire 100 people for this procedure. But it is very hard to control 100 people, and probably a portion of the goods will be "lost". This is why the traders prefer to work with organized groups or brigades. On the Russian border they are called "[kirpichi]" ("the bricks") or "the camels". Every head of the brigade ("kirpich") hires 5-10 figureheads ("[fonarey]" – "the lamps") and is responsible for them entirely. He pays for their trip, food, and accommodations. People who are involved in the "grey channels" can cross international borders every month or more frequently.

Different "grey import channels" exist not only in Russian-Sino trade, but in German, Italian, Turkish, and South Korean trade with Russia. This corruption mechanism is advantageous not only for firms of different sizes, but also for customs officials and officers.

Entrepreneurship

²⁰ Generally speaking, "Grey import channels" were not thought up in the Amurskaya oblast' or Heilongjiang province, but were "traditional practice" for Russia, China, and Eastern European countries in 1990-2000. See, for example: **Yakovlev A.A., Golikova V.V., Kapralova N.L.** Rossiiskie "chelnoki" – ot predpreimateley ponevole k integracii v rynochnoe hozyaistvo (Russian "shuttle" traders – from involuntary enterprise to integration into market economy) // Russian world. 2007. №2, c. 84-106; **Wallace C., Shmulyar O., Berdiz B.** Investing in Social Capital: The Case of Small-Scale, Cross-Border Traders in Post-Communist Central Europe // International Journal of Urban and Regional Research. November 1999. Vol. 23. №4.

Authorities in the city of Heihe and in Heilongjiang province have stated that conditions for foreign investment and business are formed in the “Hu Shi” Free Trade Zone in the city of Heihe. In particular, the “Da Heihe” trade zone is highly effective in exporting agricultural products by attracting some of the foremost foreign technology. A recreational tourist zone, industrial zone, transport and storage zone, and high-tech zone have all opened in the city of Heihe. Recently the Forest Trade Exchange was opened in Heihe. In reality, all of these zones are oriented toward high-tech imports and product exports. But firms in the depressed Amurskaya oblast’ cannot offer anything besides raw materials, in particular unprocessed timber.

Furthermore, Chinese laws, in keeping with the priorities of the government, limit the possibility of establishing certain companies. For example, permission from the State Council of the Peoples’ Republic of China and capital investment in the amount of \$65,000 are required for trade company registration. In Russia, while the official cost for registering a “fake firm” is \$400, the unofficial cost is \$3,000.

As a result, the Russian entrepreneurs of transboundary market predominantly work as importers of Chinese goods and exporters of Russian raw materials. “The grey import channels” are used by both Chinese and Russian entrepreneurs. Export is also primarily developed using “grey schemes”²¹.

Job placement

Chinese firms hire residents of the Amurskaya oblast’ to work as programmers, translators, and commercial agents (in conducting business with the firms of the Russian Federation). Amur universities’ graduates with “Canton” languages are often hired in Harbin and other big Chinese cities. Unskilled labor in China by residents of the Amurskaya oblast’ is particularly rare.

INFORMAL ECONOMY OF THE “TWIN-CITIES”

I have given examples of the large informal economic activity in the locality under study. In reality, there is also a lot of actual illegal, criminal economy²². Nevertheless, I want to underline that this is a result of corruption, instability of law, and a persistent refusal by the Russian authorities to recognize the reality of the transboundary economy. It would be a great error to blame the border residents or the “Chinese” in this situation.

²¹ Prokuraturyoy Amurskoy oblasti... : “Export of scrap nonferrous metals leads to a sharp increase in the offense rate of Amurskaya oblast’ residents in embezzling nonferrous metals. Approximately 1000 offenses occur per year”.

²² “Chinese and Russian anti-drug police have jointly broken up a transnational drug trafficking ring, arresting 27 people, including three Russians... This is the first successful transnational drug trafficking case involving joint efforts of Chinese and Russian police since the two signed an agreement last year to crack down on drug crime in border areas, according to the department... Last November, drug enforcement authorities of Russia's Amur state informed Heilongjiang police that three Russians and two Chinese were trafficking drugs into Russia. With the assistance of Russian agencies, Heilongjiang police identified the ring's trafficking route from south China's Guangdong Province, to Heihe city and finally to Amur state” (www.chinaview.cn 2006-12-08 09:04:00).

Chinese statistical data has referenced the volume of “people trade” and other economic activities of Chinese firms and individuals on the Russian side of the border. For example, profit from tourism, including income from “people trade” in Heilongjiang province was \$492 m. in 2006 and \$640 m. in 2007²³. In comparison with Russia, RosStat (the official government statistics organization) “does not want to know anything” about “people or shuttle” trade.

Russian regions in general do not have the right to use converted currencies in international transactions. However, the Amurskaya oblast’ received the right in 2002 to conduct transactions in Chinese or Russian currencies, and some others Russian Far East regions received it in 2004. Recently some banks outside the Far East border have also received such rights. Russian specialists can now place a value on the informal transboundary market by looking at transactions in both the Russian ruble and Chinese yuan.

Turnovers of individuals’ non-residential accounts (actually, these accounts are opened by representatives of transboundary markets) are three times higher than the official trade turnover between the Amurskaya oblast’ and Heilongjiang province. In 2006, nineteen percent of individuals’ non-residential account turnovers (or \$124.42 m.) were kept in the Amurskaya oblast’. We believe that this sum is in fact reinvested capital, which supports the functioning of the transboundary market (table #2²⁴).

In actuality, these figures are considerably high for the economy of the Amurskaya oblast’, but we have to keep in the mind that this is only a minimum estimation, since part of the turnover of the transboundary market is never entered into these official accounts.

Table # 2. A valuation of transboundary market

| Indexes | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|--------|--------|--------|--------|--------|
| 1. Turnovers of individuals’ non-residents accounts, \$ m. | 310.09 | 410.11 | 484.66 | 464.95 | 642.80 |
| 2. Cross-border remittances to China via non-resident accounts, \$ m. | 140.89 | 206.72 | 308.99 | 381.77 | 589.08 |
| 3. Funds of non-residents not transferred to China, \$ m. | 179.7 | 216.37 | 197.77 | 116.08 | 124.42 |
| 4. Official Trade Balance, \$ m. | 71.5 | 79.0 | 116.1 | 222 | 231.7 |
| 5. Share of Official Trade Balance in the GDP of Amurskaya oblast’, % | 4.85 | 4.58 | 5.06 | 7.83 | 6.88 |
| 6. Share of Total Trade Balance (with 1) in the GDP of Amurskaya oblast’, % | 25.87 | 28.34 | 26.16 | 24.24 | 25.97 |

²³ China Yearly Provincial Macro-economy Statistics. Heilongjiang province. The China Data Center at the University of Michigan (<http://chinadatacenter.org/>)

²⁴ **Simutina N., Ryzhova N.** Ekonomicheskii i sociologicheskii aspekty rossiisko-kitayskikh otnoshenii: podhody k issledovaniyu tranzgranitnoi territorii Blagoveshchensk-Heihe (Economic and sociological aspects of Russian-Chinese relations: research approaches to the transboundary environment of Blagoveshchensk – Heihe) // Vestnik FEB RAS. Vladivostok, 2007. #5. PP.130-144

ADAPTATION OF TRANSNATIONAL MIGRANTS: THEORETICAL EXPLANATION OF EMPIRICAL DATA

Now I will return to the question of the correct use of the term, “transmigrants”, to apply to all investigated groups of migrants. As A. Portes wrote, activities of transmigrants create a *new mechanism of economic adaptation*, which radically differed from those that were found during the study of immigrants at the end of the century²⁵. And this adaptation means that they must be included in both societies.

Actually it would not be accurate to say that all of our groups are included in both societies. In my mind, mediators, entrepreneurs, qualified workers, and specialists are more or less included: they try to adjust and create a special mechanism for economic adaptation.

However “lamps” (“fonarey”) are not, nor are “illegal gasterbaiters”. In fact, these groups are isolated from the host society due to ignorance of language and social practices and especially importantly, by the fact that other transmigrants use them for commercial purposes. But then I must ask myself, how can the activities of these groups be identified and explained in theoretical frameworks? I assume that it is quite correct to use the term, “enclave labor market”²⁶, i.e., a market in which the forces of supply and demand interact with discriminated-against groups of migrants, who cannot find jobs in the base labor market, so therefore their salary levels are extremely low²⁷. The particularities of transboundary actors investigated by Light in one particular market case are as follows:

- “Lamps” are hired by a transnational entrepreneur;
- Chinese agricultural workers are sent by Chinese authorities with participation from Russian organizations;
- “Illegal gasterbaiters” work for transnational firms.

In this way, the functioning of the “transboundary enclave labor market” is economically profitable both for Chinese authorities (job placement for the unemployed, budget revenue) and for the Russian side (cheap labor). By therefore including legislation in the sphere of customs control, migratory policy remains variable, which leads to a deformalization of the rules and to the strengthening of these migrant groups’ vulnerability, which is in turn connected to their

²⁵ Portes A., Immigration Theory for a New Century: Some Problems and Opportunities // International migration review. 1997. Volume 31 #4. p. 813.

²⁶ Light I., Sabagh G, Bozorgmehr M., Der-Martirosian C. Beyond the Ethnic Enclave Economy // Social Problems, Vol. 41, No. 1, Special Issue on Immigration, Race, and Ethnicity in America. Feb., 1994. P. 65-80

²⁷ For example, the average wage of a “Chinese gasterbaiter” is 1000 RMB (yuan), or 3400 rubles or \$136. The average wage of unskilled or poorly skilled Russian laborers in Blagoveshchensk is at least twice as high.

discriminated-against position²⁸. However, I think that it is important to understand the correlation between the current economic benefits and the social consequences of the deformalization of the rules.

Let me conclude by underlining my answers to the questions I posed at the beginning of this paper. First, the main (but not sole) reason for the development of informal economic activity in the locality of study is the short-range benefits for authorities in both states and also for transnational business actors. Second, the economic adaptation of transnational entrepreneurs specifically de-formalizes “the rules of the games” and develops a transboundary market. That is why Russia now has an explicit dilemma between the short-term economic effects of the transboundary market, including “enclave labor market”, and the potential social consequences of this market.

²⁸ Of course, the use of cheap and unskilled labor is characteristic not only for Russia, but for developed countries as well. **Henry A. Selby**. Foreword// **Iglesias Prieto N.** Beautiful flowers of the maquiladora: life histories of women workers in Tijuana/ by **Norma Iglesias Prieto**: translated by Michael Stone with Gabrielle Winker: foreword by Henry Selby. Third University of Texas Press paperback printing. 2001.