The Emergence of Cross-Border Electronic Commerce

Creativity and Declining Trust

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Abstract
One of the major social changes over the last two centuries has been a ‘double alienation’: the alienation of the producers when they ceased to own the means of production, and then the alienation of the consumers, who no longer needed to have trusting relationships with the sellers. This chapter argues that we now live in a time of new and even greater alienation. Electronic platforms like Taobao or Amazon offer the purchaser economic exchange without ‘real’ money, without ‘real’ interactions with the seller, who may be located anywhere on the globe, and, more importantly, with alienated virtual goods (the buyer purchases her commodity without having any ‘real’ touch of it). What is the implication of this expanded alienation – will it have a strong effect on trust and social relations? To answer this question, the author addresses ethnographic materials collected among consumers and Internet mediators in a provincial Russian city on the border with China.

Keywords: economic culture, social changes, trust, alienation, the state, e-commerce, cross-border exchanges, Russian-Chinese border, Taobao

Graduation balls in Russia involve both the students and their parents in negotiating many highly complicated tasks. One particular headache that must be solved if the evening is not to turn into a disaster is finding the ‘dream dress’. All kinds of cheap and not-so-cheap boutiques, on-line shops, seamstresses, and special fashion houses are at the girls’ service; since flights from Moscow have come down in price, some people even
try Italian and French department stores. But access to such consumer delights is not equal: it depends not only on the parents’ purse but also on geographical location. Graduates in Blagoveschensk, the administrative centre of Amur Oblast on the Chinese border, have nothing like the advantages of Muscovites. The dress your neighbour wore last year is hardly an attractive proposition, and buying something in local shops is likely to lead to a catastrophe: two or three identical dresses at the same ball. As for flying to Paris or Milan, when you first have to cover the thousands of miles to Moscow that would be completely exotic and entirely out of the question. True, the nearby border suggests another possibility: buying a dress in a Chinese border town. But this does not satisfy the modish girls of Blagoveschensk – for in Heihe, the adjacent Chinese city, they sell ‘Chinese models’. Of course, the ‘dream dress’ sold in Milan or the ‘right’ Moscow store may actually be made in China. The difference in quality perceived by my young purchasers lies not so much in where the dress was produced, the brand, or the quality of the material, cut, or stitching, as it does in a feeling that is difficult to rationalize, a perception of ‘Chinese-ness’ linked to ‘cheapness’ and bad taste. These are not professional or regular buyers. Therefore, their idea that they do not want to buy from ‘our nearby China’ or a ‘cheap fake’ does not contradict their happy willingness to acquire a Chinese replica of a Carla Ruiz or Tarik Ediz. The basic question is: where to find this lovely replica?

Relatively recently, to the satisfaction of the fashion-conscious girls of Blagoveschensk and to Russian consumers in general, it has become possible to search for one’s ‘dreams’ in Internet shops. An endless array of goods and brands is now presented to people at home. This is not just a matter of more choice and a different trade format; it is a technological innovation that is changing the known world for the inhabitants of the Russian hinterland, altering everyday interactions with machines and technology, with other people, time, space, and institutions – especially state institutions. This innovation is even changing how people think about or conceptualize the state, as well as the relationships between states. This chapter is devoted to an explanation of these changes.

My ethnographic materials were gathered in summer 2014, spring 2015, and summer 2016; other data was acquired often by chance from various sources between 2014 and 2016. Inhabitants not only of Blagoveschensk but also Vladivostok told me about their Internet purchasing habits, mostly from Taobao, the platform most relevant for my research. In addition to meetings with mediator-entrepreneurs working through Taobao and their regular and occasional clients, I spent several days in the offices of my main
respondents, observing how they hold consultations and conclude deals, discovering which questions worry clients and how problems are solved.

Though there must be many ways to anthropologically describe the changes brought by Internet trade, it seems to me that the concept of trust provides a logical and interesting angle on these social transformations for many reasons. One main reason is that the people themselves constantly used the words doverie (‘trust’) and nedoverie (‘mistrust’) when trying to explain their choices, decisions, ways of calculating, and acceptance or avoidance of risk in online purchasing. The issue of trust and calculation will be the subject of the third section of this article.

The term doverie has particular meaning for the online sellers and middlemen, both large and small. To judge from their publicity literature, acquiring the trust of the consumers is Task Number One. Professional opinions constantly underline how difficult it is to ‘conquer’ the client’s trust and how easy it is to lose it. At the same time, there are many assertions that trust is a pragmatic matter, an almost material and working agent that can best be created by the correct use of technology. Variants of this special ‘trust-evoking’ and ‘trust-forming’ technology are used by the entrepreneurs of Blagoveshchensk to develop their online businesses linked to Taobao. This ‘special technology’ will be the topic of the second section of this article.

It is clear that the everyday language of trust used by consumers and small middlemen differs from the specialized discourse of IT-experts and management gurus with their professional use of the term. And these various usages differ from the way that trust is conceived by social scientists. So why, when the main theme of this article is social change, have I chosen to use trust as the ‘mirror’ of these changes? The answer to this question constitutes the first section, beginning with the contrasts between economic and sociological approaches to trust. I then proceed to explain why an anthropological viewpoint can best grasp the influence of technological innovation on people’s ideas about whom and what they can trust – a shift that then leads to broader transformations in society.

Trust and social change: where does the strength of anthropology lie?

The concept of ‘trust’ has been actively debated over the last thirty years, especially in economics and sociology, and to a lesser extent in anthropology. Adam Smith long ago underlined that the main goal of man is not to improve his prosperity; rather, the desire for glory and the wish to convince
and direct people, and evoke in them a feeling of trust, is one of the strongest human passions (2002). But economists largely ignored Smith’s ideas on sentiments; the more mathematical the discipline became, the less moral and the more calculating became ‘the human subject’. The situation changed with the advent of institutional economics. Naked rational choice was then dislodged from its pedestal and trust appeared among the parameters of economic models. Neo-institutional economists agreed with sociologists that cooperative behaviour was impossible without trust, and that the lower the general level of trust in a society became, the higher the transaction costs (in obtaining further information, controlling the transaction, and so forth) would be. High transaction costs would correspondingly reduce the effectiveness of the economy – there would be less investment, fewer transactions, and a slower rate of growth (Williamson 1993; Hardin 1991; Knack and Keefer 1997; Uslaner 2005; Tabellini 2008). Economists showed statistically that nations with a higher level of generalized trust enjoyed higher levels of social capital and did better than nations with low levels of trust. Of course, there were criticisms of this model, including its self-fulfilling character; there were also questions about how trust could be measured, and the vulnerability of the data derived from questionnaires. But for my argument the issues of measurement are not as important as the fact that economists use this social construct (trust) as a datum, borrowing it wholesale from sociology, without trying to understand its nature or the reasons it might change.

For many sociologists trust is the ‘routine basis of everyday interaction’ (Misztal 1996, 97) and necessary for maintaining the stability of social institutions (Sztompka 1999). In the absence of trust, each time a decision is taken the individual must survey the whole variety of possibilities and risks, which, according to these theorists, leads to the impossibility of social interaction at the individual, group, and institutional levels.

In the mid-20th century, and particularly after the 1970s, sociologists began to see trust as a ‘substitute’ for religious ethics and the institutionalized faith that had played such an important role in stabilizing society for Durkheim (1995). This substitution required a differentiation of the roles of rational and irrational knowledge in forming trust. Sociological opinion was soon divided. Some, refusing to recognize a particular role for religious faith, insisted that the stability of society is guaranteed by irrational feelings (Simmel 1950), or by the rightness of abstract principles (Giddens 1990).

1 ‘Generalized trust’ refers to the common level of trust in the society: the degree to which people trust unknown others or people as a whole.
Fukuyama argued that trust is an element of traditional society, and that the laws and economic rationality that would support a stable existence in post-industrial society would depend on the kinds of traditions that had formed in different societies (1995). If we are to believe Fukuyama, the flourishing of society depends on certain cultural traditions of trust/mistrust, which essentially remain unchanged over time.

Opposed to this view is a different group of sociologists, who maintain that trust rests on rational knowledge about making decisions with regard to risk in given situations of uncertainty (Luhmann 1979; Coleman 1990). Trust for these sociologists is a question of rational choice among alternatives in conditions of uncertainty and the calculation of one's own actions. Stompka (1999) asserts that trust is a bet on how others will behave. Seligman (1997) underlines that trust in this sense is a contemporary phenomenon, corresponding to the way the economy and society are now organized.

These two apparently opposed approaches can be reconciled relatively easily if we accept the idea that in more developed societies trust takes the rational-calculative form, while in traditional societies it depends on less rational beliefs about the motives of known people. Consequently, the radius of trust in traditional societies tends to be limited to close people and kin. With the expansion of economic relations, exchange, and trade, the radius enlarges and at the same time there is a process of rationalization – people do not trust ‘blindly’, but only on the basis of knowledge and the possibility of judging the degree of risk in undertaking an economic exchange. This way of distinguishing societies is based essentially on the borrowing of ideas developed in economic anthropology about the correlation of reciprocal – as distinct from commercial – exchanges with the two different types of social relations. James Carrier, for example, discussed the emergence of double alienation as social relations changed over the 19th to the 20th centuries: first there was the alienation of the producers, when they ceased to own the means of production, and then there was the alienation of the consumers, who no longer needed to have personal trusting relations with the sellers (Carrier 1995, 1997).

It is difficult to imagine a greater alienation of the consumer from the producer that found on the electronic platform Taobao – even more than when ordering online from retail outlets. In the latter case, the purchaser does not interact directly with a seller, since she places orders through the ‘alienating’ Internet, but she can still phone the shop and speak (albeit through the technology of the telephone) with another human being. Such a virtual retail outlet is, in a way, a continuation of the physically existing shop that the consumer often already knows. For example, when buying
online at Marks and Spencer it is common to compare the experience of choice in the familiar shop with that on the monitor screen at home. But an electronic platform is a different matter. It connects the purchaser with an absolutely unknown seller, who may be located anywhere, even thousands of kilometres away, and is more imaginary than anyone who exists in the buyer’s physical world. Even more alienating, it is not just the seller but the object ordered that can only be imagined – it exists in the future. With an electronic platform, the consumer has to trust in the existence of a ‘shop’ she does not know and in the existence of imagined things...

Does this mean that this alienation, which alters social relations and extends the ‘radius’ of trust to a vastly expanded sociality, makes trust more ‘rational’? Having gotten rid of person-to-person relations, does it substitute them with person-to-machine relations? Do the links become more tenuous as a result of the extension of this radius? Answers to these questions cannot be discovered in terms of the rational choice-versus-trust dichotomy. An anthropological approach demands a more flexible and broader conception of trust, namely, as a multitude of discursive ideas about the acceptance of risk that are defined, organized, and re-organized by people’s interactions with things, ideas, and spaces that are ill-understood and physically or temporally distant from them.

**Taobao: earning money from trust**

The Alibaba Group, whose central office is located in Hangzhou (China), comprises 25 strategic businesses, including Aliexpress (retail and small wholesale trade), Alibaba (electronic platform B2B, business-to-business trade), Yahoo (search engine), Alipay (payment platform), Taobao (C2C platform, consumer-to-consumer trade), and others. In 2015 Alibaba officially opened trade in Russia and immediately took the leading role in Internet business in the country. ‘Alibaba is 800 million named goods. I can’t even imagine such a number. In Russia eBay has 150 million things, and Wikimart has only 2 million, though we think we have the greatest assortment. But that 2 million is a drop in the ocean by comparison with what Alibaba offers. There aren’t that number of goods in Russia.’ According to sociologists’ polls, consumers outside Moscow, St. Petersburg, and the western parts of the country hardly know about Yulmartov, Wikimart, or Yandex Market (the
main Russian internet companies). The basic Internet business for them is Alibaba (in the form of Aliexpress or Taobao) and the various intermediary firms that enable them to make purchases on these platforms.

In Chinese the name Taobao means ‘search for treasure’ (tao ‘search’, bao ‘treasure’). In the official name there is another syllable, van (‘network, site’). The company's slogan is: ‘You may not find the treasure, but don’t lose trust’ (Tsin Yun). In other words, Taobao is giving out a signal: trust in us and you will find your desired treasure through the Internet. So what kind of business is this that sells trust?

Taobao is a website, a platform that provides information about goods offered by tens of thousands of electronic businesses in China. It was founded in 2004 on the C2C principle, i.e., consumer to consumer trade or trade between economic agents who are not entrepreneurs in the judicial sense of the word. Other classic examples of the C2C model are sites advertising the buying and selling of second-hand goods or books, or the renting of flats. Taobao is also a site that advertises sales by setting up auctions (the prices depend on the balance of demand and supply). In 2011 the general director of Alibaba Group announced that Taobao would divide into Taobao Marketplace, where goods would be sold as before by unregistered sellers, and Tmall, which would group together proprietary firms and officially registered retailers. What was hidden behind this division? Did the separation of state-registered and unregistered firms really indicate a difference in quality? And did this mean that the state was the guarantor of trust for Alibaba?

Taobao’s income, like that of most of the other Alibaba companies, comes from the commission charged for carrying out various intermediary activities. The services offered are not so much about informing the buyers and sellers about one another, as they are about getting the goods moving, guaranteeing payments, resolving conflicts, and proffering ‘trustworthy information’, including about the reputation of firms. This is in fact the cornerstone of the business. ‘Reputation’ is made up of many parameters, and although Taobao tries to register it quantitatively (by providing ratings on the pages of sellers, their number of sales, and customer responses), it cannot be said that reputation has been fully separated from the actual goods. As before, people trust the brands sold on Tmall. The value of these brands includes the fact of state registration of their trademarks, and therefore logically – and profitably – there is a separation of the firms that have managed to capitalize the trust in their brand from those that have not been able to do so. For Alibaba, the mere fact of state registration is not as important as the fact of the capitalization of trust, which is what it in practice trades. This is confirmed by the fact that on the Taobao Marketplace
site, as an any bazaar in Russia, you can find not only the goods of officially registered firms but considerably more amateurishly made and fake goods, sold by people who are legally bazaar traders – having neither registered their business nor officially opened a retail outlet.

Although the official opening of Alibaba was in 2015, Russian citizens had been buying goods on Taobao for a long time. To do this, various creative tricks and ‘business schemes’ were necessary. As Alibaba had probably not initially intended to set up cross-border trade, a Russian purchaser had to have a Chinese mobile telephone number in order to register. This meant that only people who could set up a contact with a Chinese citizen and make him their means of accessing the gigantic virtual bazaar could actually buy anything. And indeed these people became the first mediators in Russia, gathering orders from other consumers – first their kinsmen and later anyone.

It is difficult to say now who first dreamed up the idea of founding a business on this basis – maybe there were many such people. But in Blago, which is divided from Heihe only by a river, the number of mediators providing access to the Chinese Internet-bazaar has risen exponentially (see Figure 17). This was helped by the fact that many locals had Chinese simcards anyway, due to the widespread development of the shuttle trade across the border.

Of course, the fact that mediators had the right mobile phone was not the only reason they were necessary. Another barrier for ordinary consumers was that Alibaba demanded payment through Chinese credit cards (only those who had access to Chinese payment systems could register an account, and hence buy anything). Then there was the fact that, although a Chinese phone number and credit card would enable a purchase, it would not help you actually receive the goods. For that, a postal system connecting the Chinese producer with the Russian buyer was necessary. But Pochta Rossi, even 25 years after the fall of the USSR, is still the same old ‘Soviet’ postal service. Post offices of course exist in the tiniest and most remote settlements – even in places where there is no other evidence of the state: no police, no school. But this is a highly centralized structure. The great majority of dispatches from abroad go first to Moscow and then trundle in a postal wagon slowly to the oblast (regional) centre, and then – after a pause for sorting – to a district station, and then by car to some village in the middle of the taiga. Parcels, in truth, are only rarely entirely lost. But they can take an extremely long time to arrive: the ball may have come and gone, with the graduate still waiting for her dress. Furthermore, this centralization affects the price of delivery, eating up a significant part of the total cost. In recent years Pochta Rossi has been gradually addressing its clients’
interests. But being a quasi-Soviet organization, i.e. very bureaucratic, this is not happening very speedily at all.

The consumer has another option: choosing an international delivery service such as DPD or DHL. But their organization again repeats the centralized logic – the goods first have to go the distribution centre, which in the majority of cases is Moscow. From there, the high and – by comparison with Pochta Rossii – prohibitive cost of delivery makes the whole undertaking of buying on the Chinese Internet pointless.

This situation changes daily; it is possible that before this article appears some international postal service will have set up a branch on the China-Russia border, enabling goods to travel directly to Siberia without first having to go to Moscow. But they would still have to get the customs service to agree to open a checkpoint for goods at this new reception site. In fact, the competition between delivery services depends on the customs service. According to law, one person may receive foreign goods duty free only up to a value of 1,000 euros in one month, the total weight of which should not exceed 31 kg. Furthermore, this person must guarantee that these goods are for personal use. It is the customs service that has oversight over these regulations. The presence of customs right at the sorting office greatly speeds up the procedure; otherwise, goods from abroad are delayed by having to sit in customs warehouses waiting to be ‘cleansed’ from duties before they even go into postal sorting.

All these complications of delivery from abroad can be avoided in only one way: the unofficial channels set up by the cross-border shuttle trade. These channels, like the trade in general, are a ‘grey zone’, but are constantly transforming. In Blago, where our graduate is waiting for her party dress, the shuttle trade has been flourishing since the late 1980s, is embedded in local life, and not to use the well-honed schemes ‘would be a crime’ against the girls and their parents. The simplest scheme is fake ‘tourism’. A Blago resident with only a passport – a visa is not necessary for a 4-hour visit to Heihe – can go there, collect a parcel from an intermediary (the possessor of a Chinese credit card), pretend that this 30kg bundle is goods for her personal use, return to Blago and give the parcel to the person who ordered it. The same scheme also works for people who order on the Internet.

Returning the question of trust, I again emphasize that in 2010 the Russian consumer wanting to buy something on the Chinese Internet found herself in a situation of a total lack of trust. The Russian state, in the form of the customs police, lacked trust in the consumer and imposed limitations on the value and frequency of Internet purchases. The Chinese did not trust her either, and required a Chinese phone number and access to a Chinese
payment system. A Visa card issued by a Russian bank, even with a million dollars in the account, did not constitute creditworthiness according to the Chinese company.

All of this helped bring about the emergence of specialized mediators. They gathered all of these capabilities into one operation (phone, card, and shuttle delivery), and thus helped the customer overcome the lack of trust in her from both the business and the state. At the same time, they helped the customer overcome her own suspicions of the virtual and distant Chinese bazaar. In other words, not only Taobao but also the mediators made their profit out of creating trust, as the following examples show.

**Mediator Case 1: ‘hobby as business’**. Yevgenyi, 27, studied informatics and computer engineering, and when we met in 2014 he was the owner of a small business in Blago. He rented a small office (3 x 5 m.) in one of the business centres in the town where he had Internet access and could make the necessary contacts. His business consisted of helping customers find goods on Taobao, and after the choice was made receiving the payment, transferring it to his Chinese partner, and then organizing the shuttle-method delivery. His business idea originated from three personal aspects of his life: his hobby (he loved spending time on the net), his own desire to buy things, and his old contacts in Heihe (as a student back in the 2000s he had taken part in shuttle deliveries). Like his clients, Yevgenii started by buying the cheapest and simplest things, only gradually increasing his ‘stake’. Then his friends and relatives noticed how clever his purchases were (for example, he would buy a pair of reading glasses exactly the same as those in the shop but ten times cheaper), so they asked him to buy something for them as well. In this way, a circle of trust formed. Yevgenii did not sell his services, but instead took part in a complex system of reciprocal exchanges, and as a result his relatives – who in general did not trust the Chinese Internet – trusted him and his experience. The sum they handed over to him each time (i.e. invested in a purchase) was in some sense a quantitative evaluation of this experience, or a rationalization of the trust placed in him. After six months of this ‘capitalization of trust’, friends began to ask Yevgenii why he did not want to sell his experience for money to other people – not to the usual relatives and friends, but to acquaintances of acquaintances.

How might the terms ‘rational’ and ‘irrational’ apply to this situation? The circle of relatives’ trust was not only based on an irrational belief in Yevgenii’s good intentions. They also made calculations about his purchases for them and on that basis understood the extent they could trust his experience. They would also proceed on an experiential basis: ‘today I’ll
buy a mobile phone cover for 100 roubles, in a month I'll get a simple phone for 1,000 roubles, and only after a year will I take the risk of ordering an iPhone 6.' This rationalized trust also relied on reciprocal relations: the understanding that Yevgenii would not run away with the money, and that a tangle of connections tied him to this town and this way of life. One of his first clients told me:

I trusted his experience of course. But it wasn't that I thought, 'It'll work out, or it won’t work out.' When I decided to buy some furniture through him and laid out a considerable sum of money, somewhere in the back of my mind I knew that this town of ours is not large – I can always find him. After all, would he run away from his wife, his flat, his business? Of course I knew that not everything depended on him. But still, he has a strong interest in doing everything as well as he possibly can.

At the same time, the newness of the electronic technology and the impenetrability of the Chinese Internet-bazaar interface meant that all participants in the trade had to have some blind, irrational faith. At this point Taobao operated only in Chinese. In fact, the ability to read and translate ‘Chinese gramota’ was another reason (along with the payment card and mobile phone) for the emergence of mediators. Having decided to expand his circle of clients, Yevgenii created a website that explained how to make a purchase on Taobao and, having some computer competence, he was able to connect it to the Taobao site. In practice this meant that his links on the site were basically a promotion of his own business, as the clients could only choose things he had already found. He would first find, for example, the best sellers of iPhone 6, advertise links to them, and his clients could then buy from these pre-selected sellers. The assortment and price – that was the very limited work done by Yevgenii. So when I mention ‘blind faith’ I have in mind that many of his clients did not really understand, and did not try to investigate, exactly what service he was doing for them. They were not even interested in whether Yevgenii himself knew Chinese. And it is indeed surprising that he does not, in fact, speak, read, or write Chinese. His entire work is based on another technological marvel: Google Translator.

Why did the clients agree to trust such a middleman? How could they trust their money to someone with so little professionalism and over whom they had no real control? Why did they not try to find out about the technological specifics, enquire about his knowledge of Chinese, or discover how the system works in general? Of course, the more money they pay,
the more questions they tend to ask. But even so, the main questions are straightforward. The question of how the ordered item will get across the border is much more likely to arise than the question of how the order will be processed in China. But doesn’t the absence of any questions about how much Yevgenii himself understands about these distant matters suggest that the clients are too trusting – maybe even that they are ‘irrational’, ‘non-market’, traditional folk? Who in their right mind would trust their hard-earned money to someone who doesn’t even know Chinese?

In answering these questions it is interesting to recall Latour’s (1987, 180-181) remark that if you meet an accusation of irrationality all you need to do is to alter the angle and length of the network investigated. Imagine a Western consumer deciding to buy something online: does she really understand how the various black boxes work? How the worldwide web works, and what TSP/IP protocols are? I think it is highly unlikely. Of course, much depends on her level of education, and the probability that, understanding something of the whole process of purchase, she will simply refuse to be buried under the mass of information that accumulates around even one small purchase. The difference between the Russian client buying from Taobao and the American buying from Amazon lies in which information they think can be discarded. Ridding herself of surplus information, the buyer relies simultaneously (to a different degree in different situations) on a concrete human and on a non-human being, as well as on the institutions that order the rules of the game that ties people and non-humans into one network.

Mediator Case 2: Enlargement of the horizon. Viktor and Andrey are brothers, aged 25 and 33 years old; Viktor speaks Chinese and Andrey is a genius with computers. Unlike Yevgenii’s small business, when I met them in 2014 their firm was oriented to a different scale. They tried to minimize personal connections (which Yevengii at the time was still relying on) on the grounds that they take up too much time and effort and therefore limit the possible amount of profit. If Yevgenii’s technical innovation was to create links to previously selected goods, Andrei’s innovation was a browser that could also respond to the purchaser’s inquiries. Furthermore, clients using the brothers’ site could search for the desired item in Russian. Thus the brothers economize on time and transaction costs. Their basic idea is to transform personal trust into impersonal trust by means of the purchaser’s trust in the machine.

Mediator Case 3: Russian bridges. The above example of an intermediary is no exception: a Google search reveals many Russian reincarnations of the Chinese Taobao, Aliexpress, etc. Some of them are technologically similar
to the brothers’ invention (i.e. they are mediators between Russian purchasers and the Chinese bazaar), but some are more similar to the technical architecture of Taobao itself. For example, the company ‘Russian Bridge’ simultaneously offers online shopping on Taobao and other means and
forms of obtaining goods from China. They have their own warehouse in China and advertise that they can supply even cheaper goods than Taobao. This is possible, they say, because of their direct supply routes and the physical presence of the goods in the warehouse. In practice however, they simply go to producers who are overpricing and ask them for a discount. This kind of firm is using the trust of the shoppers in the assortment and prices on Taobao to insert themselves into and grow in the market.

Consumers these days know about the existence of different kinds of mediator firms and are forming their own networks, their own systems for constructing trust. This very often works via blogs and forums on which consumers share their knowledge, perceptions, doubts, and experience of buying things directly on Taobao and on its substitutes. Thus, through the mediation of non-humans, the new technology is forming virtual communities of people who have never seen one another, and whose entire interest in communicating with one another revolves around the goods.

According to Latour (1987), analysis of technograms enables the understanding of social relations and vice versa. Taobao, and its substitute created by the two brothers, are excellent examples of things that are simultaneously techno- and socio-grams, in which the ‘simple purchasers’ – for Taobao, Yevgenii, Viktor, and Andrey are no more than that – are in fact not at all simple. While living their usual lives, they also become mediators and fundamentally change the original technological idea, as well as the company’s model of constructing trust. The owners and designers of Taobao invested huge resources into creating the ideal ‘black machine’ that could guarantee secure transactions to all of their clients. However, ordinary people, even those who live in distant Blagoveshchensk, have their own ability to re-construct the black box according to their own needs. Thus technology changes along with people, while people (including their ideas and means of constructing trust) change along with the technology. So how is it that alienation comes to be the result?

E-Trade: how trust is alienated

The virtual reality of the Internet is an everyday reality for a huge number of Russians. According to Internet Live Stats, 102,258,256 users were registered in Russia on 1 September 2016. The percentage of usage was 71.3 percent – lower than the USA or Japan, but higher than Italy and comparable with Israel. Among the younger generation of Russian citizens the figure is even higher: over 95 percent of young people are Internet enthusiasts. The advent
of mobile devices (phones, tablets, etc.) gave a particular boost to access. According to research on the 'Generation of the New Millennium' conducted by the Social Opinion Foundation in 2014, 74 percent of those polled said that without the Internet their lives would change markedly.

A sociological poll (e-Commerce User Index 2014) carried out by GFK established that online purchasing is expanding among the population according to the size of the city (in Moscow the share of online customers is over 80 percent). The difference can be explained, according to analysts, by the later spread of the Internet to smaller cities (in comparison with larger ones) and by the relatively low level of Internet service in these places. The supposition that smaller towns have lower levels of service looks very logical, if we think about the vast size of the country and the ideal of the 'sterilized' development of Internet trade. Among other things, this ideal image includes payment for goods online, which excludes many risks, and the delivery of goods via the official post service, whose accuracy, punctuality, and reliability should be guaranteed by its many years of functioning. In Russia, however – and here it is irrelevant whether we are referring to large or small cities, to those closer to Europe or those near Asia – people usually pay in cash to a courier, a person who often also supplies parallel (informal) methods of delivery, and not the official postal service.

Here it is interesting to consider how people talk about trust. A very realistic picture of internet trade was given by the founder of the large Russian internet company Wikimart, M. Faldin: 'At the present stage of development, the goods are delivered by dim young men in black sports caps or by slovenly-dressed asocial personages of middle age. They hurriedly pick out the goods you ordered from huge bags, take your heap of grimy notes in cash, and quickly disappear, hardly even saying good-bye, and certainly not bothering with a receipt.'

My respondent Zhenya (in Blagoveshchensk, summer 2015) said:

I sometimes order delivery at home, but more often at my office – well, a sort of office – it’s just a small room where everything is dumped here and there… But it’s cheaper in the office, because you have to pay for delivery. Of course, the price is the main thing. In a shop you could try the item on and this way that’s impossible, and if you try to send something back there’s a heck of a palaver… so basically you just have to trust that when you order the goods they’ll be what will suit you.

https://snob.ru/selected/entry/90635
[Q: And what does ‘to trust’ mean?]
To trust is to rely on avos’ ['it might work out for me' – see Humphrey, this volume].

[Q: Does anything back up this faith?]
Well, if you go on ordering through the same site, over time you come to understand whether it is a good shop, and you go on buying there. You read blogs, people tell one another ‘those ones didn’t let me down’ and so you think it will be all right for me too. But if someone writes that they were cheated or their parcel took far too long to arrive – well, that’s it, finished, no one will trust that firm.

[Q: And are there any ways to strengthen trust?]
I think that in ordinary shops there should be some kind of guarantee or receipt, i.e., you come back with a receipt, a paper, and it’s fine, they’ll exchange the goods. If you lose the receipt – forget it. But here on the Internet there’s none of that. Absolutely no receipts. Well, of course you can’t count some Chinese chit attached to the parcel! With just that chit in hand, you’ll get nowhere with the zashchita. In general, I never rely on receipts – it’s just a waste of time; which official is ever going to help you put a salesman in his place?

Before assessing how the idea of belief-in-avos’ is intertwined with contrasting ideas about trust as fixed by a receipt, it is first necessary to provide some information about the peculiarities of electronic trade in Russia in general and in the borderlands in particular.

The absence of a receipt for payment is a clear indication not only of the informal channels of delivery but also of the fact that the companies in this business in general prefer to remain ‘in the shade’. As Faldin said,

In Russia, the entire ‘white’ [i.e. not infringing current legislation] Internet trade is loss-making. To establish a profitable internet-retail business you need five to seven years and $100 million dollars. There are no miracles. The shops that appear at your door and sell goods without a receipt – are profitable. The loss-making ones are the large retailers with a turnover over $50 million working in the white.6

5 This is a special state organ responsible for ‘protecting the consumer’, i.e., the observation of consumer rights according to present legislation in the retail trade.
6 https://snob.ru/selected/entry/90635
Even companies that Faldin describes as working ‘in the white’, also sell goods that have not been certified in Russia. This means that they were legally produced and legally imported into Russia, but no certificate was issued for them, as a rule because the producing company had not signed an agreement for them to be brought into the country. Such retail business in uncertified goods is formally forbidden, and therefore one can say that the entire Internet trade is the subject of weak attention from the state.

It seems that the degree of inattention varies from company to company. A particular case is counterfeit goods, i.e., copies to some degree resembling brand goods. Degrees of ‘greyness’ and various methods of reducing costs affect retail strategies. In principle, companies ‘in the white’ import goods legally and pay all taxes and duties when they cross the border. But in fact, this is far from the case, since numerous schemes for getting round customs legislation are well known, not only to experts but also to daily users. Still, the trans-border Internet trade takes place in an even greyer zone. This relates to the rule that only private persons have the right to buy goods abroad ‘for personal consumption’ without paying customs duties. But the existence of this possibility it very attractive to entrepreneurs, who use it actively. Infringement of any of the rules risks a fine, but also brings big profits. The trans-border Internet companies also introduce their own tactics for lowering costs and getting round customs duties. For example, the ‘Aliexpress Po-Russkii’ site has a page with the title ‘How to avoid customs’. The same topic occurs on numerous other cross-border trade sites and blogs, and this is absolutely not by chance. The low prices are possible partly because of economizing on customs and partly because of counterfeits.

In 2015 around 155 million parcels went through Pochta Rossii (7 percent more than in 2014); the value of all Internet trade was USD 10.5 billion, and its trans-border segment rose to USD 3.4 billion, of which 80 percent came from China. In that one year, the Customs Service discovered 14,200,000 counterfeit items – almost 50 percent more than in 2013 and 2014. But, as I have explained these goods do not only arrive through Pochta Rossii – and in this business there are now various mediating structures and schemes that have taken over from the shuttle trade.

Realizing the scale of these infringements, at the beginning of 2016 the Customs Service announced that it would open every 20th parcel arriving

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7 https://ria.ru/politics/20160728/1473071167.html
8 http://aliexpresses.ru/aliexpress-kak-obojti-tamozhnyu
9 According to the assessment of the National Association for Distance Trade and Data Insight; for more details see http://.kommersant.ru/doc/2895191
in Russia from abroad for inspection. Though the media mentioned various reasons for this new policy, the main one, according to many specialists, is the fight against Chinese competitors:

The trade platform AliExpress, belonging to Alibaba, has already become the most popular Internet market in Russia, and from June to December 2015 its traffic rose by 120%. In September 2015 AliExpress reached almost 24 million individual users. In this situation Russian online retailers naturally try to bring in measures that will help them not to lose competitive advantage. After all they are scared by the lower prices and wider assortment of Chinese online markets, especially since the quality of their goods is around the same level as their own.10

While Alibaba's competitors struggle against the giant in various ways – helped by the state in the form of the various sections of the customs – the customers are voting with their hands and roubles for the existence of an accessible Chinese retailer with inexpensive and varied products. My respondent Nikita (Blagoveshchensk, summer 2014) said,

Aliexpress or Taobao means infinite choice. You only have to think of something – even something idiotic like perfumed socks or a be-jewelled dog collar – and go to Taobao and there it is. And the prices are always cheap! [Q: And it doesn't worry you that these goods are Chinese?] Tell me who says that, and where it's a worry. Go to Finland or the USA, and isn't everything there also Chinese? You just should not mix things up – their servers have everything and for different prices. Over there it's not going to be some handmade stuff from Heihe... I'd say it's simply a different China for them. Heihe is simply low quality fakes, but on Taobao you can find the same Gucci handbag. It may be a fake too, but of such good quality that who's going to get worried.

In Russia e-trade is a sector that is opaque to the state, in which a large proportion of the goods come from China. In general, the language of 'non-transparent', 'grey schemes', 'avoidance of customs and other duties', and other such terms are part of official government judgmental discourse. The absence of a receipt as a marker of unofficial character – and at the same time a marker of the fact that a customer cannot approach a state servant for help – differentiates a 'trust' situation in which a third party (the state as

10 https://lenta.ru/articles/2016/01/26/customsopen/
guarantor) is absent, from one in which ‘trust’ is calculated and written on a receipt and the customer can turn to the guarantor for help. It is significant that it is the purchaser who takes on this risk. He or she rationally weighs up the price of the ‘item with receipt’ against that of the ‘item with a chit in Chinese’, and agrees to the absence of the guarantor-state with its ‘consumer rights’, police and court. Our consumer does not care about any of that.

And, furthermore, the more rational the consumer (usually when purchases are not for oneself but for a commercial purpose), the more carefully he or she calculates how to avoid or hide from the state. My respondent Ivan, a sixth-former from Vladivostok, who buys goods regularly from Taobao for himself and his classmates (with a little extra charge – ‘interest’, as he calls it) confided about his schemes:

1. If you suddenly need to order over, say, five mobile phone covers, you can split the deliveries among your relatives or friends.
2. I record an account of the expenses. I enter every purchase and weight into Excel.
3. If you need to send a big consignment, you can separate them into different dispatches.
4. If I send off several parcels I make an agreement with the shop about them arriving at different times. Otherwise, they might all arrive at customs at the same time, and that would be it – I’d have to pay the duties.
5. If I order myself something big that can’t be divided up, I ask them to charge for the full value. Otherwise they could get suspicious and I would lose trust.

The conclusion is that the virtualization of trade has become a further step in alienation. This alienation has changed from earlier forms (it is no longer alienation from the product of labour, or alienation of the purchaser from the seller) and goes along with changes in the relation of the consumer (‘citizen’) to the state. Two intriguing moments are worthy of mention. The first is that the purchasers – though of course not all of them – are conscious of these consumer-state changes and have a rational explanation for them, even to the extent of drawing the conclusion that self-organization works better than the monopoly of violence. My respondent Igor (summer 2104, Blagoveshchensk) said:

A certificate is a kind of protection. That is how the state sets up barriers to trade in goods that are illegal and dangerous to health. But is it really protection? OK, that concrete Samsung mixer didn’t get a certificate.
But aren’t there ways of complaining to Samsung anyway? And is this mixer really a danger to life? So what is the state wanting to do with its certification? Does it really protect me? In general, the community that exists through the networks on the Internet, and the way that access to Aliexpress is set up, gives me much greater protection. If you receive a defective or dangerous product everything works automatically – sooner or later that very mixer, yes, and even Samsung itself will disappear from the market...

The second interesting point is that the everyday attitudes toward not only one’s ‘own’ but also ‘foreign’ states are changing. My respondent Ivan said, ‘Well, so what is China? China, unlike Russia, does not want to fleece me. That’s where the producer is, and everything is honest. I need those goods. In Russia, not only is there no producer but every day the state thinks up some way to take something away from the consumer.’

**Conclusion**

The ‘laboratory’ I studied in this paper consists of countless actors – the ordinary inhabitants of the Russian provinces, Russian and Chinese creative intermediaries, non-human mediators such as computers, e-technologies, and payment systems, Chinese producers, and global and not-so-global postal systems. They consist of various economic, social and political cultures that confront one another. In the case of Russian-Chinese Internet trade, it is difficult to expect a high level of trust in one another. The people interacting along this border have a long history of mutual alienation and suspicion. But the development of new technology helps overcome these contradictions in a way that is ‘ordinary’ and not dependent on special expertise. It is not ‘high level meetings’ but everyday ways of overcoming mundane barriers that enable people to become closer to one another.

**References**


