

## **About Livestock Trade and Middlemen: Understanding Socio-Economic Practices of the Livestock Market in Bazar Korgon**

### **The relevance of institutions in livestock trade**

Market institutions are essential for the exchange of livestock products, but the fiction of perfect markets is rarely met in reality (Upton 2004: 34). Real-life markets are embedded in social structures, which cannot be explained by the market model celebrated by neoclassical economists. In reality, individual and collective actors are embedded in structures of social relations that influence their decisions and actions (Bathelt & Glückler 2012: 4).

After the institutional shift in the social sciences, economic geographers took up societal developments from the early 1990s onwards as a key element for the study of location, distribution and spatial organization of economic activities.<sup>1</sup> To understand socio-economic patterns in development processes, for geographical development research arises the need to focus on analysis of the empirical functioning of markets and its institutional preconditions instead of a mathematical proof of simplifying postulates (Beckert 2009: 246, Furubotn & Richter 2010: 1-4). Considering the societal presumptions, it is increasingly recognized that economic behaviour is strongly influenced by institutions, which frame the structure of human interaction through formal and informal constraints.<sup>2</sup> Insofar, we argue that the core issue of investigating livestock trading is to explain its socio-economic order. The article integrates regional and local characteristics such as formal and informal institutions in the study of real markets. We examine how economic decisions are made that determine the course of action for livestock trade participants in rural Kyrgyzstan. Thus, the analysis focuses on the heterogeneous, partly antagonistic motives and interests at the micro level. It is assumed that social institutions influence the behaviour of actors and forge the success or failure of any market system in the sense of accepted patterns of interaction on the actor level (Bathelt & Glückler 2012: 1). Such coordination is the precondition to what we call the socio-economic order of markets.

Much analysis of institutions is based on the concepts and approaches of the New Institutional Economics (NIE). NIE is one of the recent approaches that tries to overcome the dualism of micro and macro-theory and has been increasingly adapted in recent years into development research.<sup>3</sup> A closer look through the literature reveals that institutions are often nebulously defined. According to the importance of institutional settings, the methodological approach concentrates on the analysis of the socio-economic arrangements for the livestock market logic in rural Kyrgyzstan.

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<sup>1</sup> For further discussion about the adoption of institutional aspects in economic geography, see Cumbers et al. 2003, Martin 2005.

<sup>2</sup> For deeper discussion of the issues surrounding institutions in economic processes, see North 1990, Durth et al. 2002, Acemoglu & Robinson 2012. In this regard, Upton 2004 emphasizes institutional aspects in agricultural development.

<sup>3</sup> Furubotn & Richter 1991, Ahrens 2002, and the *Geographica Helvetica's* special issue 56 (1) present a good overview of institutionalist approaches in development research.

Insofar, the empirical study turns to a long-neglected object of development geography: the concrete market in which economic activities take place. It is argued that spatial aspects of real markets are particularly important to understand specific constraints and opportunities of market actors in developing countries and to derive subsequent context-oriented development measures.

Livestock markets in rural areas, where 64 % of the population in Kyrgyzstan live, have been recognized as a major issue in the context of economic development (International Fund for Agricultural Development 2012: 1). Due to small incomes and rising rates of unemployment in rural Kyrgyzstan, livestock trade is a major income source and the valuation of livestock has strong effects on livelihoods in rural Kyrgyzstan (Martinière 2012: 337). However, many scholars continue to focus on a macroeconomic perspective and analyse the livestock sector by using national and regional statistical data.<sup>4</sup> The wide absence of grounded data on institutional constraints for the functioning of livestock markets in Central Asia formed the motivation for our research project.

The weekly livestock market in Bazar Korgon presents itself as an unfolding social and economic process, and provides the venue where participants exchange their livestock for income generation. From an institutional perspective, the livestock market can be seen as a network of price mechanisms developed through a set of specific rules and practices that coordinate the interactions of demand and supply. The paper attempts to understand these interactions. In order to do so, the main institutional categories need to be defined and examined empirically. Thus, the factors that determine how economic abilities are distributed in the livestock market system are considered, particularly the ability of different actors to pursue their objectives or to stop other people from pursuing their own.

The paper provides first findings about the conditions, interconnected function and benefits among which the different actors contribute to the livestock market network in Bazar Korgon. The empirical material for analysis consists of personal observations on the performance of market functions and interviews that were conducted during fieldwork with different market actors.

The paper is organized as follows. In the second part of the paper, a brief definition of the key concepts and ideas of the conceptual approach are presented. After that, the paper turns to the empirical evidence in order to specify the real-life implications of the theoretical assumptions. Finally, the findings are summarised and discussed in light of questions regarding the applicability of an institutional perspective in applied development research.

### **Methodology and conceptual approach**

Institutions are the key theoretical element in the institutional approach. To understand the role of institutions in development geography a methodological approach was adopted that focuses on economic and social aspects in an equal measure. Ideas and concept of NIE provides the basis for the analysis of the nexus of interconnected functions, operations and transactions channelled through the livestock market. The focus on institutions is applied

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<sup>4</sup> For a macroeconomic perspective, see Light 2007, World Bank 2007 and Favre et al. 2010.

to develop a better understanding of socio-economic structures in livestock trade, although the academic debate on institutions in the development context is not new (Müller-Böker 2001: 2). However, the confusing use of the term institution needs some clarification as in economic geography institutions are often not explicitly defined (Bathelt & Glückler 2013: 2).

When conceptualizing the characters of institutions in economic geography, a starting point is to think about the subsequent constraints and incentives that impact economic interaction. Focusing on institutions, modern economic activities can be understood as a process of increasing specialization, in which individuals or groups concentrate on specific activities. This process requires accepted and enforceable regulations that ensure transactions for an adequate distribution of all necessary goods in a way that the specialized actors can perceive their individual scope of action. Therefore: “Institutions are the rules of the game in a society or, more formally, the humanly devised constraints that shape human interaction” (North 1990: 3). The prominent institutional theorist Douglass North (1990) identifies formal institutions with enforced rules such as political rules, economic rules and contracts, while informal institutions are restricted to societal rules such as routines, customs, traditions and conventions that have the purpose to guide individual behaviour in a designated direction (ibid.: 83). Both perspectives tend to recognize institutions as structures that shape individual and collective action. When formal institutions no longer reflect reality, informal institutions emerge to manage changing conditions. Institutions are initially good when they generate economic benefit through the best possible coordination of individual activities. Furthermore, they have also to be judged in terms of the quality of their processes. Thus, they are good if they secure all actors fair share in the efficiency gains (Durth et al. 2002: 215). In terms of these characteristics, institutions are defined as “forms of ongoing and relatively stable patterns of social practice based on mutual expectations” (Bathelt & Glückler 2012: 7). The focus on institutional aspects makes it possible to release economic activities from the narrow context of production factor combinations and to zoom into the importance of social institutions and organizations for this process.

The question how the economic and social spheres act onto the institutional sphere remains often unanswered. However, relating to a concrete design of institutional regulations, there is no panacea. Rather, it is argued that institutional settings of livestock markets form in an evolutionary process on behalf of specific social, economic and physical conditions of the participants. In this regard, it is examined how existing institutions shape economic interaction in space and how this leads to economic decisions for present livestock trade in Bazar Korgon.

The empirical investigation was conducted in July 2013. Initially, two open interviews were conducted with one veterinarian and one of the market officials, in order to understand the past and current socioeconomic dynamics of the livestock market and frame appropriate categories for further data collection. Subsequently, the main survey was carried out, consisting of eleven structured interviews with traders, pastoralists, consumers, meat processors, and retail salespeople.

The methodological approach was made possible through the facilitation of a local research assistant. Without the socio-economic position of the assistant such as ethnicity, religion and gender, various contacts would not have been incurred.

### **Socio-economic characteristics of the livestock market**

This chapter exemplifies empirical findings and is divided into five subsections. The first section discusses the general structure of the livestock market, the *mal bazaar* (krg.). It is followed by a typology of market actors operating in Bazar Korgon. The third section presents an analysis of the market strategies of the identified actors. Subsequently, distinctive negotiation patterns as well as current livestock prices are illustrated. The elaboration of a schematic model of an institution and livestock market system is presented in the last part of the section.

### ***Characteristics of the livestock market in Bazar Korgon***

Every Saturday and Sunday, an empty space on the brink of the settlement Bazar Korgon transforms into a bustling livestock bazaar. By 5.00 am, the bazaar area fills with the first traders who display their livestock across the ground. At 7.00 am, the market area is already filled with large numbers of people and animals who deal with livestock until the early afternoon when the bazaar gradually empties (Fig. 7.1).



**Fig. 7.1: Impressions from the livestock market in Bazar Korgon**

Photographs: Degenhardt 2014

The livestock market is like any other market an arena of social interaction. Market actors have partly similar and partly conflicting motives and interests. While all of the active participants are interested in the exchange of livestock, they have conflicting interests regarding the price and other contract specifications (Beckert 2009: 248). Most of the people in the district buy and sell livestock products at the livestock market in the settlement Bazar Korgon. Another livestock market is located in Arslanbob (approximately 50 km distance), but has only a slight significance for the marketing of livestock products in the Bazar Korgon District.

Insofar, the *mal bazaar* constitutes the most important livestock market in the Bazar Korgon District. Other major livestock markets in southwestern Kyrgyzstan are located in the provincial capital Jalal-Abad (approximately 30 km distance) as well as in the major

city Osh (approximately 130 km distance). The actors trade a whole range of livestock products at the weekly market. Fig. 7.2 shows the spatial segmentation of traded livestock at the *mal bazaar*.

Overall, the bazaar area consists of two immured divisions. The major part extends over an area of circa 7,350 m<sup>2</sup> and is used for the trade of cattle, horses and donkeys. The adjacent part constitutes an area of about 2,700 m<sup>2</sup> as the smaller trading area for sheep and goats. On the days of fieldwork on the bazaar, the livestock flow accounts approximately for 200 cows/bulls, 25 horses, 20 donkeys, 500 sheep and 75 goats.<sup>5</sup> The trading focuses on cattle and sheep due to their major importance for food supply in Kyrgyzstan.

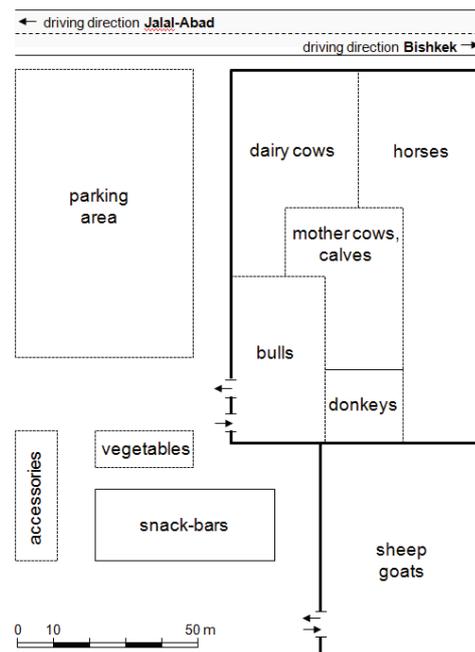


Fig. 7.2: The spatial structure of the *mal bazaar*

Draft: Marx & Degenhardt 2014

Other minor shopping facilities for food, snacks and other goods also exist next to the trading ground. Apart from the two trading areas, the *mal bazaar* consists of a roofed area for a multiplicity of local snack facilities and kiosks, which offers a limited range of lunch opportunities, beverages and common goods like tobacco, toilet paper and *qurut*<sup>6</sup>. Next to the lunch hall, there are open areas where people sell vegetables and other staple foods as well as clothes. For the loading and unloading of livestock exists a special parking lot.

The weekly market has only a few formal market regulations. However, it enables a structured interaction of potential trading partners. For the appropriation of physical infrastructure, the livestock keeper has to pay a fee when leaving the *mal bazaar* (20 KGS per sheep/goat and 50 KGS per horse/donkey/cow/bull). In addition, some veterinary services have a financial impact on the livestock marketing system. Routine disease controls add to the cost of the physical infrastructure (10 KGS per sheep/goat and 20 KGS per horse/donkey/cow/bull).<sup>7</sup> In theory, traders should take their veterinarian documents from their local veterinarian or get new ones when they buy livestock on the *mal bazaar*.<sup>8</sup> Nevertheless, in practice nothing of this belongs to the daily routine in livestock trade. Most of the livestock deals work without any documents and formal regulations. Regarding potential health problems, the *mal bazaar* seems to be a self-regulating system, in which all actors know about unprofitable consequences of selling ill animals.

<sup>5</sup> Due to the large quantity of animals, we are talking about estimated numbers.

<sup>6</sup> *Qurut* is a final dairy commodity, which is gained by adding *ayran* as well as salt to the skimmed milk. It is an important dairy food for local people in Kyrgyzstan.

<sup>7</sup> Interview with Talant (*mal bazaar* supervisor), July 13<sup>th</sup> 2013

<sup>8</sup> Interview with Achim (head of the local veterinary service), July 19<sup>th</sup> 2013

### ***Typology of market participants***

For a structured overview, this section introduces the market system through the type of actors operating at the bazaar. Most important actors in the marketing of sheep, goats, horses, donkeys, cows and bulls are middlemen and businessmen, pastoralists, local households and meat factories.

The bazaar also induces a range of indirect employment for food and transportation services as well as for livestock breeding outside the bazaar boundaries. Other service providers next to the central trading space try to make business along the *mal bazaar*. In front of the bazaar, families sell fruits and vegetables (melons, potatoes, tomatoes etc.) and a various selection of daily requirements like oil, tobacco and noodles. Furthermore, you can buy all equipment needed for livestock, as saddles, spurs and horseshoes. In the immured trading areas, women are selling ropes for new acquired animals. Everyone who is selling groceries or supplies has to pay a 50 KGS fee per day for using the market infrastructure.<sup>9</sup>

There are also employees such as security and cleaning workers in the privately owned bazaar.<sup>10</sup> Public and private security surveillance is made necessary through the money storage of traders at the market. Almost all merchants have a stashed wallet due to the fear of thievery.

Additionally there are veterinarians on each entrance checking randomly the state of health of the animals. The formally licensed veterinarians have been trained in the basis of animal health care and are provided by the public sector.<sup>11</sup> Together, the non-dealing actors ensure the smooth running of the market.

### ***Marketing strategies of livestock traders***

From the above explanations, it is clear that many actors are involved in the livestock trade in Bazar Korgon (Table 7.1). In terms of livestock trading, certain issues are worth noting. Due to a high unemployment rate and the possibility of fast money, plenty of middlemen with up to hundreds of animals try to make profit at the *mal bazaar*. They are the central actor group for animal trade in Bazar Korgon. The marketing practices can be centralised in three different business models. Some middlemen pursue all of the strategies, depending on their financial and infrastructural capacities.

The first and most used strategy is to purchase livestock with their own capital on the bazaar and resell it with a time lag for a profitable price. To accumulate money for common business, sometimes they extend funds based on personal trust. Cooperating middlemen also put social pressure on potential sellers or buyers to achieve better prices. The cooperation under the slogan “scratch your back, and you scratch my back” shifts significant advantages to their bargaining position and creates trust between them. If they

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<sup>9</sup> Interview with Talant (*mal bazaar* supervisor), July 13<sup>th</sup> 2013

<sup>10</sup> A man called Aibek owns the ground and runs the weekly bazaar. Because he lives in Bishkek, it was not possible to interview him during our fieldwork.

<sup>11</sup> Interview with Achim (head of the local veterinary service), July 19<sup>th</sup> 2013

cannot sell the livestock on the same day, there are special caretakers, which guard and feed the animals for a little fee until the next trading day.

In the context of the second strategy, middlemen get an order of other market participants for the purchase and sale of an agreed amount of livestock. Therefore, the client uses the knowledge of the middlemen to acquire the best conditions for the livestock. In return, the client obligates to pay a fix amount for the service.

Finally, some middlemen try to use the price differentiation between single livestock markets in south-western Kyrgyzstan. They purchase livestock for a low price in one district, transport the animals and resell them with profit on another livestock market. The arbitrage practice of taking advantage of the price differences between livestock markets is used only by a few middlemen. This is due to the fact that this method needs the most knowledge of prize conditions on different livestock markets and accrues extra transport charges.<sup>12</sup> In the past, it was common, that some middlemen fetched livestock directly from pastoralists. This strategy is nowadays no longer used. Occasionally, there are middlemen, who trade livestock illegally over the close border to Uzbekistan, because of high prices for livestock in the neighbouring country.

None of the big or small traders has permanent buyers. Besides the constant collaboration between some middlemen, personal or familiar relations do not play a crucial role through the livestock trade. The main advantage of middlemen comparing to other actors on the *mal bazaar* are the knowledge bias concerning current prices and quality of livestock as well as the specified cooperation patterns.

Households are a second important part of livestock trading. In rural areas of Kyrgyzstan, local households keep and use livestock for purposes that extend far beyond income generation. Mostly, all households own livestock as a coping strategy to reduce their socio-economic vulnerabilities. Insofar, the marketing behaviour of local households is characterised by generating extra income. If households require money for a special event (e.g. marriage or birthday) or because of crop failure, livestock is used as a capital reserve. On the other hand, if the household generates monetary surplus, it can be invested into the expansion of their livestock. As a result, a high number of household members affect the local demand and supply on the *mal bazaar*.

In addition, pastoral households sell animals for the same reasons. Therefore, most local households and pastoralists stay under social pressure when they sell livestock on the market. Marketing information for them is very scarce. Especially pastoralists have insufficient information, because they spend large amounts of time on remote pastures where they have rarely access to information about marketing conditions.<sup>13</sup> Both actor groups have significant less information and marketing skills when compared to middlemen. In Bazar Korgon, trading cooperatives across the family do not exist. The basic producers rarely pool their livestock and their financial resources based on individual agreements.

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<sup>12</sup> Interview with Turatbek (middleman), July 11<sup>th</sup> 2013

<sup>13</sup> Interview with Turatbek (middleman), July 11<sup>th</sup> 2013

Another group of important actors on the *mal bazaar* are professional businessmen. Some of them delegate the trading process to middlemen, other sell their livestock by themselves. Businessmen often sell up to 20 or 30 sheep on the *mal bazaar*. A common strategy is to buy livestock in spring, delegate breeding to paid pastoralists over summer and sell the grown livestock in autumn.<sup>14</sup>

There are also butchers and a few slaughterhouses purchasing mostly a small amount of livestock for selling the meat on local markets as well as several professional fattening farms, buying from time to time a substantial quantity of livestock.

**Table 7.1: Actor groups in the livestock marketing system**

Actor groups	Role	Sex
middlemen	purchase & resale of any stock numbers	all male
businessmen	purchase & resale of large stock numbers	all male
pastoralists	purchase & sale of single animals	all male
local households	purchase & sale of single animals	mostly men
local butchers	purchase of single animals	all male
slaughterhouses	purchase of several animals	all male
fattening farms	purchase of large stock numbers	all male
veterinarians	supervise the health of animals	all male
suppliers	provide all kind of accessories	mostly women
other sellers	sell food, snacks, tobacco & beverages	mostly women
conveyers	provide transport logistic	all male
caretakers	guard & feed the animals	all male
police	supervise the security	all male
employee	security service & cleaning	all male
collectors	collect market fee	all male

### ***Negotiation patterns and livestock prices***

The average price of livestock depends on health, weight, colour and sex. A sheep mostly costs about 5,000 KGS. In single cases, a vigorous grown male sheep can cost up to more than 20,000 KGS. The average price of a cow or a bull is 25,000 KGS, but it can vary from 15,000 up to 70,000 KGS. Hence, not only in bull and in cow trading the weight of animals play a crucial role. Therefore, seller and buyer estimate the weight of the animal and adjust their target price.<sup>15</sup>

<sup>14</sup> Interview with Mirlan (middleman), July 12<sup>th</sup> 2013

<sup>15</sup> Interview with Sakir (middleman), July 20<sup>th</sup> 2013

The highest price can reach an adult horse. The price fluctuates between 55,000 KGS up to 90,000 KGS. A donkey costs between 2,000 and 5,000 Som. Because of religious aspects, the consumption of donkeys in Kyrgyzstan is not popular, so they achieve lower prices than other animals. The average price for goats ranges between 2,000 and 5,000 KGS, because usually they are not used for meat or milk production.

All contracts work without any formal regulations. The different traders agree by handshake on a livestock deal, that usually contains an informal guarantee for one week about the given facts and health of the animal.

Conspicuous were two behaviours during the negotiation process. First, we detected a group formation during most negotiations. Thereby, the seller and the buyer stand in the middle, shaking hands and next to them gathers a crowd of interested people and other livestock traders. These gatherings can grow up to over 20 people. The intervention of individuals in the negotiation process often constitutes a vibrant element of social pressure at the *mal bazaar*. The manipulation of individual bargaining power through the enforcement of a common contract conclusion deforms the provision in favour of team working traders. Due to the close collaboration of middlemen, in the majority of cases they benefit from the distortion of competition.

The second conspicuity is the clear gender segregation regarding the trading of livestock (Table 7.1). Women are mostly absent in the negotiation processes. Women are working on the snack bars, selling vegetables and accessories. On the contrary, men are trading livestock and working on the surveillance of the market system. If a single woman wants to sell livestock, she brings a male representative to enforce the physical negotiation process. Thus, we even could observe in one case, how a mother brought her eight year old son for the handshake, but was doing the whole negotiation process.

Next to the economic importance, the *mal bazaar* is also a social network for local people. Insofar, hundreds of local residents, who are not actively involved in the purchase or sale of livestock, contribute to the marketing system by using the market days for gatherings.

### ***Livestock market system model***

Abstracting from the empirical data, this section provides a model of market institutions as well as a schematic framework of market typologies. Social and economic life on the *mal bazaar* is filled with repeated action where the different actors adhere to perpetual customs. From the foregoing exemplifications, it is evident that both formal and informal institutions operate within the *mal bazaar*. Table 7.2 presents a simplified model of formal and informal institutions that influence the livestock marketing system in Bazar Korgon.

Three formal institutions provide the basic infrastructure for livestock trade. The private owner of the area is responsible for the physical infrastructural appropriation and has to deliver a share of his revenue to the local government authority. Thereby, the public sector is responsible for providing veterinarians who monitor the health of livestock. Further, the local government provides police officers who maintain security around the *mal bazaar*. In addition, a private security agency operates within the defined market ground.

The most important informal institution is the intermediate trading pattern of middlemen. According to almost all interviews, it is difficult, almost impossible to sell livestock in the market without using a middleman. All livestock brought into the *mal bazaar* either by pastoralists or local residents is handed over to a middleman for resale. The buyers range from local households, other merchants and butchers. As already mentioned, some-times middlemen even sell commissioned livestock and get a fee for each animal sold.

Central to the trading system is the issue of trust, which is built through economic reciprocity. All trading exists without any formal agreements. The effectiveness of trust lies in the permanency of the market system. Despite the multiplicity of actors and livestock, the regular use of the well-established market infrastructure induces honesty concerning common trading patterns. Word about sellers who make business on the basis of false information spreads through the social arena very quickly and has a negative impact on their future sales.

The exercised social pressure by the cartelisation and information monopolisation of middlemen forms relatively stable patterns of the economic practice at the *mal bazaar*. Vulnerability characterises the selling-motives for local households and pastoralists. As a result, they have a bad negotiation position at the livestock market in Bazar Korgon where supply overtakes demand. In terms of gender allocation, we could identify a clear role ascription. Men exclusively determine the economic trading while women providing legwork at the livestock marketing system.

Next to the indicated institutions, the *mal bazaar* can be differentiated by the purpose for which livestock is traded. Table 7.3 summarises the trading-structure in terms of three different market types. The table shows the observed market typologies and the flow of livestock from sellers to buyers.

There are three specific types of the livestock marketing system. First, the *mal bazaar* serves as a collection market, where animals are put in the livestock trade for the first time. The main actors are pastoralists, other households and some businessmen, who bring in each case own livestock into the market system. Notably, for the final consumption the collected livestock is used just in exceptional cases.

Middlemen and businessmen purchase most livestock in favour of further market utilization. In this regard, the main interactions at the *mal bazaar* follow the logic of a distribution market, in which the livestock trade serves for collection and following resale.

**Table 7.2: Institutions in livestock trade**

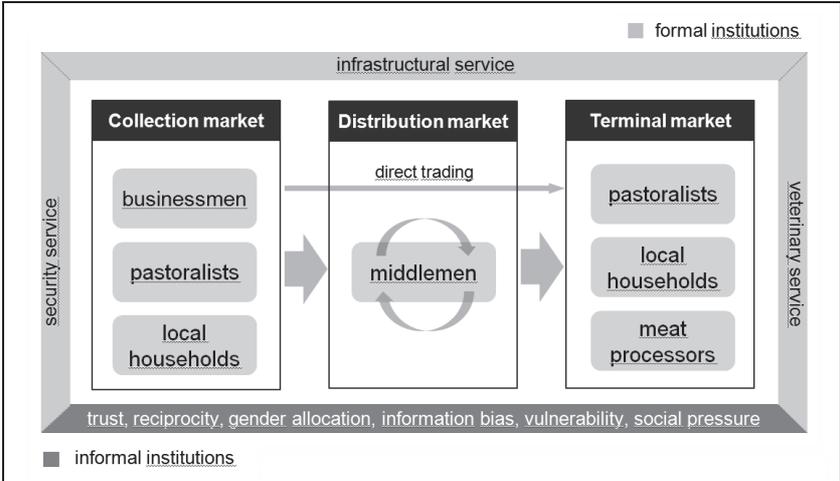
formal institutions	informal institutions
veterinary service	intermediate trade
security service	trust
infrastructural service	gender allocation
	social pressure
	economic reciprocity
	vulnerability
	information bias

**Table 7.3: Schematic typologies of the *mal bazaar***

Type of market	Main seller	Main purchaser	Purpose of purchase
Collection market	pastoralists local households businessmen	middlemen other buyers	profitable resale fattening
Distribution market	middlemen businessmen	middlemen businessmen	profitable resale profitable resale
Terminal market	middlemen businessmen	local households butchers	consumption, livelihood asset meat production

Finally, livestock at the *mal bazaar* is traded for the final consumption of local households and butchers. Within the scope of the terminal market, actors detract livestock from the marketing system. However, there is growing evidence that distribution of livestock without final consumption raises the prices of livestock through intermediary trade. In the end, the patterns of the socio-economic practice lead to a livestock market system, in which the local collection market is characterised by the attributes of a buyer’s market, giving middlemen as main purchasers an advantage over individual sellers in price negotiations. The intermediate trading patterns at the distribution market induce an artificial supply shortage that exploits the market logic of local end consumers. At the terminal market, high livestock prices result from this excess of demand over supply. Finally, the individual rationalities, which are influenced by a range of informal institutions, transform the local livestock trading system to a seller’s market.

Fig. 7.3 presents a simplified model of the livestock market system for livestock trade at the *mal bazaar*. It illustrates the major trading actors in the different market typologies as well as the formal and informal institutions that influence the market behaviour of all participants.



**Fig. 7.3: Livestock market system model**

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## Conclusion

The general aim of this study was to examine the role of formal and informal institutions within the livestock trading system. The results can be summarized in terms of the following points. In the context of livestock trade in Bazar Korgon, the analysis shows that almost every household is embedded in the marketing of livestock. Today, livestock production is almost entirely market-oriented. Especially, the asymmetrical distribution of information among the market actors characterizes the general trading framework.

Overall, it is very clear that livestock trading in Bazar Korgon operates within the informal sector. Besides the private and public appropriation of infrastructural services, there is little evidence of official formalities. Evidence suggests that institutions promoting livestock trade are not necessarily based on formal rules and constraints. Informal institutions form more important and relatively stable patterns of the indicated market actions. The individual rationalities influenced by a range of informal institutions have to be understood as marketing limitations. Institutional arrangements that could reduce these limitations, such as minimum prices and price information systems do not exist in Bazar Korgon. Likewise, regulations that could expand the individual scope of action, such as common marketing strategies do not exist. The advantages of local institutions, as well as the diversity of sellers and purchasers, mainly benefit middlemen.

If one views actions on a real-life market from the institutional perspective, it becomes clear that the economic realities in rural areas of Kyrgyzstan cannot be limited to quantifiable economic indicators alone. Economic geography benefits from this well-known consensus in social science. Improvement in livestock trading cannot be achieved without understanding the social context within the trading practices operate. Thus, the institutional dimension provides development research a methodological tool that allows precise statements about the relationship of socio-economic arrangements and spatial developments. Despite the effectiveness of the informal institutions in Bazar Korgon, the unequal distribution of power among the market actors and a potential insecurity in the transportation of livestock and money makes the integration of formal institutions reasonable. Focusing on the livestock sector it became clear that development of rural economies is only possible if appropriate institutions exist, which bring out an efficient and equitable coordination of individual economic activities.<sup>16</sup> Thus, further studies of socio-economic patterns of livestock trade in Kyrgyzstan are essential for context-oriented policy implementations.

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<sup>16</sup> For a further discussion, see Upton 2004: 48-50

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