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Heiko Schrader and Agliaya Toporova

**Dealing with Pawnshop Services
in Saint Petersburg, Russia:
The Customers' Perspective**

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*Redaktion: Prof. Dr. Barbara Dippelhofer-Stiem
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Introduction

This paper is based on research by Heiko Schrader in co-operation with the ‘Center of Independent Social Research’, St. Petersburg, on the issue of ‘The Role of Pawnshops in the Life Strategies of Low-Income Households’, financed by Volkswagen Foundation.¹ One aspect of this research² was five problem-oriented, guided deep interviews with pawnshop (or in Russian terms: lombard)³ customers, who had some pawnshop experience already during Soviet times. With these interviews we intended to find out, how people subjectively feel with dealing with lombard houses, and whether something changed in their experience from the Soviet period until now. The entire research findings will be published soon.⁴

Our respondents (two males, three females)⁵ were born between 1938 and 1962). All of them had higher education. We recorded and transcribed the interviews, and here we selected certain passages for illustration purpose. In addition, we had a number of conversations with people who refused to be recorded, but willingly spoke about their lombard experience.

The interviews supposed to explore:

- the life situations that forced informants to deal with lombards;
- the practice of dealing with lombards during Soviet time and at present;
- “complexes” and stereotypes connected with addressing to lombards;
- the informants’ attitudes towards lombards as a whole, as well as their lombard experience.
- changes in the respondents’ financial position.

¹ I would like to thank Hans-Dieter Evers, Bielefeld, bearing responsibility for this project at the University of Bielefeld.

² For further publications in this project see Chekhovskich and Schrader (2000), Patechenkov and Schrader (2000); Schrader (1999).

³ In Russia: *dom lombard* = lombard house, pawnshop. It is related to the historical fact that moneylenders from Lombardia (Italy) went to France to start moneylending. Here I’ve used the terms ‘pawnshop’ and ‘lombard house’ synonymously.

⁴ See Schrader (2000).

⁵ The interviews were conducted and summarized by Agliaya Toporova.

Precarious Life Situations

To begin with, a comparison of the living conditions during Soviet time and nowadays differs widely among the respondents. One respondent explained that then he suffered more hardship:

“I would not go to a lombard now on the occasion of needing some money to buy something or to celebrate a birthday, for example, as I did during the hardest years. I have not been to a lombard for a very long time. It was only recently that I went to a Lombard because I had to pay my debts” (Interview 5).

The respondents usually mentioned the following reasons for taking a lombard loan during Soviet time:

- to go somewhere on vacation;
- to celebrate a birthday;
- to buy something immediately (in Soviet time under conditions of general scarcity it was most important to buy a thing while it was available, even if one had no money at hand).

However, as a matter of fact, a lombard loan was usually not the first choice to obtain a credit. Before, people usually tried first to borrow some money from relatives or friends. Here is an example from our interviews:

A woman (I.A., born in 1948) told a story, which had happened to her in mid-70s. Her husband was a drug addict. He used to spend all his salary on drugs. And sometimes he even spent household money for this purpose. The salary of I.A., however, was not big enough for the family to live on. Unfortunately, I.A. could not ask her parents or friends for a loan because everybody knew that both she and her husband generally had not bad earnings, but nobody knew of his drug problems and, of course, she could not tell her friends and relatives that her husband was a drug addict. On the contrary, she always tried to demonstrate a “normal” family life to others. A solution of her financial problems was a lombard loan. When she wanted to redeem her jewelry, she had to get a second job.⁶

In general, our interviews with the management of lombard houses, as well as our deep interviews, confirm that people with so-called deviant behavior (thieves, drug addicts,

⁶ This interview was not recorded, according to the wish of the respondent.

alcoholics, etc.) very often become lombard clients. One informant told us a typical story about her colleague who was a university lecturer:

“... She was a drunkard and borrowed money to buy alcohol. (...) In addition to the money she needed for drinking, she had to spend money to support her image of a university lecturer, at least in outward appearance. She was a very decent woman with good manners. However, there were such deviations. Besides, she had to bring up her child in a proper way (...). She was divorced. She had married several times, but in the end her marriages were no success. Her husbands turned out to be drunkards just like her” (Interview 3).

However, stories like these should not imply that such customers represent an average lombard client.

It was very often that pawns were not just commodities but goods of a certain personal value because they were somehow related to the life of the respondents. Typical examples are inherited items or trousseaus. For instance, one respondent told us that long ago his parents had pawned silver spoons, which were of high personal value to them. Since they could not redeem them, they prolonged the loan again and again for many years. They did not want to lose these things to the lombard house. Finally they realized that they would not be able to redeem the spoons and that it was unprofitable to pay a continuous interest. So they had to agree that it was wise to consider the items as lost because after a couple of years those spoons turned into a “very expensive thing” to redeem. Sometimes people even inherited lombard debts from their parents.

While our research hypothesis assumes that lombard houses are appropriate institutions to help the poor make their living, our interviews showed that it was true only in principle because the lombard has also been used and is being used by people with high, but irregular, earnings:

“I have been working for all my life. But then there came the moment... My work was rather specific... I received my money twice a year on a fee basis. Of course, between the payments I had to make both ends meet somehow. You know, when you don't give a damn about anything and you borrow money from anywhere you can... My husband also received his money in fees. Lombard services are often used by people who have high but irregular earnings” (Interview 5).

It is our impression that during Soviet time when everybody was paid little but at least on a regular basis, lombard service was predominantly used for special occasions only. This

situation seems to have changed. In recent years (after 1992) and especially after the crisis of August 17, 1998 people began to use lombard services because of “lack of money” or because it was impossible “to borrow money from friends”: “I simply didn’t have a way out. I knew that I could get money from a lombard. And that was enough. So I tried” (Interview 1).

The Practical Side of Using Lombard Services

Selection of a Lombard and the First Visit There

It was clear to us from the interviews that the first visit to a lombard during Soviet time had usually deeply impressed our respondents. They vividly and in great detail described the situation and their feelings and how the continuous use of lombard service made them more accustomed to these institutions and their particularities. Their deep impression is related to the internal conflict between the public view of a lombard house as an institution for desperately poor people (“the worst solution”, “a humiliating way” of receiving some money for survival) and the necessity of dealing with such an institution because of lack of money (we shall discuss it in more detail later). Furthermore, the close semantic relationship between usury and pawnbrokers can be explained psychologically: using a pawnshop infringes on private feelings and financial problems, the things one prefers not to enlarge on. Not only Russian but also foreign writers told about it in their books.

When speaking of their first visit to a pawnshop, informants usually remarked that they had gone there on the advice of some of their acquaintances who were more experienced in lombard services. One informant was very emotional in describing her first pawnshop experience:

“When I was under 30, it was just impossible even to come up to a pawnshop (...). Step by step I began to search where I could go. Once I tried to go there in the afternoon. I entered the courtyard of Vladimirskiy pawnshop. I saw those iron ladders, long queues because of which you can’t even get close to the lombard. A lot of absolutely crazy people in this queue... a drab mass of people. You don’t even know who to approach and to ask. You’re young, smart and, as a matter of fact, you don’t know what you are doing here (...). I asked a friend [her friend (also a young woman) is a regular client of lombards], where I could find a

place with only few people in the queue and possibly far from here so that no friends could see me” (Interview 3).

Another informant, on the advice of her older friend, even bought a ring in advance: “a very thin (1.5 grams) golden ring so that it could be pawned in case of emergency”.

“My friend who taught me how to deal with pawnshops told me: ‘Let’s buy you such a ring ... you can always pawn it!’ (...) I lived alone, I had no parents, nobody supported me, I could rely only upon myself. Of course, when I was 20, I couldn’t live only on my earnings. And she told me that if I had had such a ring, I would have had something to pawn in a pawnshop (...). She taught me to regard gold as money. ‘It’s not just jewelry’, she said, ‘it’s an item for pawning’ (...). So I went with this friend to a pawnshop. I was 20, she was 30 and she showed me everything. ‘Look now’, she said, ‘you got 8 rubles⁷ for it’ (Interview 5).

In Soviet time, there were no private lombard houses and the rules and regulations (interest rate, terms of pawning) were the same in all the branches of the state lombard, which was then called *Obediniionny Gorodskoy Lombard* (United Municipal Lombard). Informants usually chose lombards which were situated close to their homes and familiar to them since their childhood (“I lived in the center and, frankly speaking, knew only this one...” Interview 2) or their choice was due to some personal reasons and predilections: (“... I’ll tell you about the lombard which I went to... It’s situated... on Isaakievskaya square...⁸ I selected it among the others just because this area is very beautiful and secondly, because there was a remarkable art nouveau interior (...) which could not be spoiled even by having to spend hours in those terrible long queues...”; Interview 5). Or, as we already saw (interview 3), they chose the lombards located quite far away from their homes to make sure that their acquaintances could not see them go to such institutions.

Nowadays, there is a variety of lombard houses, as well as buy-and-sell shops, which offer quick money. Improvement of their services, different conditions they offer (terms of pawning, interest rate, assessment, assortment of items to be pawned) and shorter time in queues give informants an opportunity to choose a lombards “with more convenient conditions”. Pawning has become easy; the reception of money does not require

⁷ This money was obtained during the Soviet period, where 8 rubles were much more in value than now.

⁸ Most likely, the informant means the lombard on Moika- river.

any special procedure. Comparing contemporary pawnshops with former Soviet lombards informants spoke of an “absence of problems now” and “a higher service level”, the only difficulty being “to find the money for redemption”.

However, making a choice causes another problem. When trying to compare the loan conditions in different lombards we see that it is not an easy task because the conditions vary widely and the market is not transparent. If the choice is made in terms of loan conditions, it is often based on such subjective things like one’s feelings rather than on objective calculations and, furthermore, it is usually limited to a small number of lombards in the neighborhood.

“The situation in lombards is different. However, if a lombard does not charge high interest, the assessment of the pawn is usually low (...). If you come to “Antics” in Lenin str., your ring will be assessed at 500 rub. while it actually costs 3,500 rub. and they’ll give you only 400 rub. cash. The lombard to which I usually go is more expensive: they offer you one third of the price, that is, 1,100 rub. But you get only half of it (840 rub.) in cash. And then they will ask 1,100 for redemption, i.e. the full assessment sum” (Interview 1).

This interview shows how the informant chooses her lombard house. She needs much money in hand now and she obtains it in a particular lombard with higher assessment of the pawn. Having to pay much higher interest is a problem, which does not seem to bother her now because it will appear only in the future. We also often heard that a customer’s first question to the lombard personnel was: “How much money do I get for this ring?” which means that this seems to be a decision criterion for many people. And as we can see from our comparison, the loan conditions are very often so complex and difficult to understand and the interest and repayment sum consist of so many different components that to make a choice on the basis of calculations requires not only mathematical skills but also a lot of time.

Specific Features of Soviet Time

Speaking about dealing with lombard houses in Soviet time, all informants mentioned long queues. It is interesting to note that they often referred to their peculiar structure and rules and the informal practical ways, which facilitated the process of pledging, interest payment and re-pawning of things. Long queues were due to the fact that the de-

mand for loans far exceeded their supply. The lombard system, which produced the queues, functioned as follows:

“The system was primitive: one queue for pawning, another one for redeeming the pawn. Once one person has redeemed something, another person from the other queue is able to pawn something. The money, which the lombard received for the redemption passed directly to the person who pawned” (Interview 3).

This interview shows very well the scarcity of money supply of lombard houses in Soviet time. If nobody redeemed a thing, a lombard was able to obtain cash only if somebody paid interest. Clients had to wait until the lombard had received some money from a customer and passed it over to another customer. Besides, the loan size was strictly limited. Irrespective of the assessment of his or her pledge a client could not receive a loan exceeding 200 rubles. In practice

“they told you the sum of the assessment, but...two hundred rubles were the maximum that you received. Regardless of the sum of assessment, be it 600, 700 or 1,000 rubles, they gave you the same maximum loan. And, accordingly, whatever thing it would be... So that’s how it was” (Interview 3).

Of course lombard houses were officially financed by the state, but these descriptions reveal that either the state funds were actually not used by the lombard authorities, or they were not available. So in fact, the working capital consisted of the clients’ turnover. The queues did not just emerge during the day because of the shortage of available working capital and a large number of clients. Knowing about these problems people began to queue early in the morning long before the opening of the lombard to stand a better chance of obtaining a loan.

“I must say that I was never the first in such a queue in all my adventures with lombards. The best I could manage was to be the seventh or eighth in the queue. Because when you came up to a lombard, there was already a queue. You asked ‘Who is the last?’. And people, in their turn, asked me: ‘And where are you going? To pawn or to redeem?’ I said: ‘To pawn’. And half an hour later there was a queue of about 30 persons standing in the street ready for pawning, while there was not a single person wishing to redeem. This was somewhere about 7 a.m. And the lombard opened at 9 a.m.” (Interview 3).

Thus, visiting a lombard required a lot of time and energy. The limitations in loan supply and the restriction to extend a loan after the preferential period made people use “special techniques” of waiting in the queues.

“Once people paid their interest and redeemed their pawns they ran across to the other queue to pawn again ... One had to spend a lot of time in the queues to succeed... I don’t know any person who was able to come to a lombard, put the ring on the finger and leave... Only once I managed to redeem a ring, put it on and left...” (Interview 3).

But, of course, you had to be the last in the line because other people had already been waiting for a long time. Therefore when a lombard client joined the short queue to pay the interest and redemption sum of the pawn the client’s relative or friend had already been waiting for quite a long time in the long queue for the turn to receive a new loan.

“Later you begin to understand how to get around... And moreover, if you come together with somebody, it’s quite possible to get over all this. Especially when you are going to re-pawn something. When two persons simultaneously stand in these two queues it’s possible to move quickly from one counter to another...” (Interview 3).

Of course, this required some coordination.

Types of Pawns: Gold, Silver and Other Valuable Items

Informants pawned and still pawn golden items, which is in many cases due to the fact that lombard houses willingly accept them. Other pawns of acceptance are high in value too. One informant mentioned that she had pawned a mink coat. She said that it was very convenient to pawn new things because they have a label and a price tag.

As already mentioned, jewelry is not just an item of display but can also be considered as a particular form of saving. To possess a golden ring also means that in case of need you have a potential pawn whose value is usually not very much affected by inflation. As already explained, such items are not assessed according to their market value but according to their material value, i.e. their weight and quality of material. “I often pawn the golden ring that I got on the occasion of my engagement” (Interview 1). Furthermore, in the 1970s golden jewelry was a very popular gift and a good investment of money. “There was nothing in the shops an that time” (Interview 5). “Husbands always gave golden rings as a present on any occasion. For instance, by the fifth wedding anni-

versary I had had three golden rings of different kind but at that time I could hardly imagine that later on they would be useful for me as pawns ” (Interview 3).

A typical jewel for pawning is, for example, “...grandmother’s golden medallion: 19 grams of gold with diamonds and emeralds” (Interview 3). But wedding rings were also adequate pawns:

“In my generation everybody had wedding rings and, as a rule, solid ones. Gold was in a short supply and so wedding rings were usually bought in special shops for brides and bridegrooms. Every girl of my generation had such a ring, which cost 300 rubles; this was obligatory. I had a golden ring, which weighed 9 grams. When people got divorced and married anew, the new husband was sure to buy a wedding ring. Men rarely wore their wedding rings and a husband’s wedding ring was usually kept in a box. It was the custom to appear at the registry office with rings on, it was rarely that people went there without wearing a ring (...). This was the custom up to the mid-70s” (Interview 3).

After a divorce women usually kept their wedding rings but it was not generally acceptable to wear them any more even after another marriage. They just remained a symbol, “in memory” of an event and a partner with whom one had shared a certain life period. Such a wedding ring became a valuable resource which one could always rely on in a difficult financial situation. One informant said that he had pawned his wedding ring, but did not want to redeem it. For him the default was sort of a symbol which had a psychological meaning: his marriage failed and it was the of same period of his life.

Silver was and still is popular as a pawn item but is assessed lower than gold because of the lower price per gram. In Saint Petersburg people who had survived the siege of Leningrad had few things left for pawning.

Defaults

With the value of most pawns far exceeding the maximum loan sum of 200 rub. and with quite a lot of pawns reminding people about the ones they loved (grandparents, parents or late spouses), most informants were very much afraid of default and losing the pawn to a lombard.

“Even if I stayed in another city, I rushed to Piter [Saint Petersburg to pay my interest and redeem the pawn] (...), because I liked those things” (Interview 5).

In other cases, however, the material value of the pawn was much lower than the redemption sum and in such a case customers defaulted deliberately.

“I obtained 150 rubles, while the assessment sum was 190. (...) But I had to repay almost 300 rubles. Therefore I considered the pawn as lost” (Interview 2).

In Soviet time in case of default customers could get compensation if the money obtained in the sale exceeded the repayment sum. However, only few customers were aware of this because they did not know all the regulations. One informant said that she had been very surprised when a year and a half after the default she received a compensation.

“I didn’t know it, I suddenly received a note from the lombard and learned that I could obtain a certain sum from the cashier. Because usually nobody was acquainted with the rules. When dealing with lombards everyone just got paralyzed. Nobody read the announcements or anything else. And, as a matter of fact, they were often not displayed. (...) That’s why I didn’t know about my rights and what I could get in case of losing my things to a lombard” (Interview 3).

When receiving this compensation, the informant was pleasantly surprised because “as a result I received more money than I would have received in a buy-and-sell shop” (Interview 3).

Lombards and Buy-and-Sell Shops

As a matter of fact, informants hardly use buy-and-sell shops and often have a very negative attitude towards them. This is due to the fact that these shops are believed to be aimed at gaining profits and taking advantage of their customers, while lombards are very often regarded as almost social institution, expensive but necessary. They probably owe this reputation to their past connection to the government’s household service. A typical view of a buy-and-sell shop is given below.

“Buying-up is a real nightmare! It must be closed once and forever or at least it is necessary to establish tariffs, which must not be much less than a normal price of a thing. If you bought a crystal ashtray for 1,000 rubles, you can get only 10 rubles for it in such a shop. It’s a dangerous criminal place. I am convinced that it’s the most appropriate place for criminal business” (Interview 1).

One more reason why the informants prefer lombards is the opportunity to redeem the pawn, while in a buy-and-sell shop it immediately changes ownership. On the other hand, some lombard companies have recently opened buy-and-sell shops as their side-line activity. We visited a number of them and saw that they were full of items. However, they can only accept items that have real market value. To put it another way, they have to reject customers who have nothing to offer but an old porcelain cup, for which they would perhaps obtain a small sum in a government pawnshop. The items, which are in high demand such as electronic equipment and also jewelry may obtain a quite high price in a buy-and-sell shop.

In addition to buy-and-sell shops there are commission shops where customer sets the price and has to pay a certain sum for the time of commission. The higher is the price and the less attractive for sale is the item, the longer the customer has to wait and the more he has to pay for the storage. Therefore, the rationale of such shops is that they do not have to care whether or not the items have a market value. But like in the case of pawnshops and buy-and-sell shops, they bear the risk to accept stolen items.

Initial “Complexes” and Stereotype Views of a Lombard and Getting Adapted to Using its Services

In our deep interviews, we heard a number of stereotype views of lombards.

“I remember in my childhood... Old women were sitting on benches and talking about the life of Verka [a woman]. We were teenagers walking in the yard, I remember... So they were speaking how poor Verka and her husband were and what she had come to! That she had already begun to take her things to a lombard! There was not a single word about gold. They just spoke of ordinary things to pawn. It was... That is, for our generation... Our parents taught us that to pawn a thing in a lombard meant the last stage of degradation” (Informant 3, born in 1950).

“(...) I never visited a lombard because I was scared by what my grandmother had told me: ‘to steal is a great sin but it is better to steal than to go to a lombard’” (Informant 1, born in 1938).

In spite of this, our informants were later forced to pawn things in a lombard. In almost all deep interviews they mentioned that they had felt humiliated during their initial lombard experience. In Soviet time this feeling of humiliation was mainly caused by long queues and the fear of not receiving a loan even after waiting for a long time.

“I don’t know anything more humiliating and morally exhausting... Well, if only to compare with an abortion... I can definitely say this as a woman” (Informant 3, born in 1950).

“The feeling of humiliation first of all... Standing in a queue...” (Informant 2, born in 1951).

"What is so humiliating is the atmosphere of complete poverty...all those people in the queues: ugly homeless people, old women who have to give an antique ring to roguish dealers who offer them a ridiculous price... a single mother with three snotty children or an old sick man who managed to find something to pawn (...). I am ashamed that in spite of being an educated person from a good family I actually sell off things in such a place! That’s what I, at my old age, have come to in this country! " (Informant 1, born in 1938).

When talking about their visits to a lombard informants try to distinguish themselves from other clients with their “poverty and wretchedness”. Lombard customers are not necessarily desperately poor people. It is very often that “lombard services are also used by people with high but irregular earnings. That’s why when I was standing there I did not to be taken for one of those poor people” (Interview 5).

Initially informants try to conceal their visits to a lombard because they are afraid of “public opinion” and of their colleagues or relatives losing respect for them. Some young people who need money but have nothing to offer pawn some of their parents’ things without informing them. Sometimes they are not able to redeem the item so they have to confess. Or, housewives are afraid to their husbands’ reaction. According to one informant, for many men their wives taking a loan from a lombard means that the men are not able to support their families. “He will swear and say that I don’t need this [a necessary good, which has to be purchased], that it’s quite possible to do without it, that it is expensive to deal with a lombard... He will say that I’m a bad wife " (Interview 2).

Some clients feel as if they were in the “vicious circle” of poverty. They regard a lombard as a “spider’s web” or as a “drug”. They often say they realize that pawning and re-pawning is bad but they cannot stop it:

“Lombard is a system which drags you down” (Interview 1).

“[Once, I was able to redeem a pawn and left the lombard, H.S.] But not for a long time. Because it’s like drugs! It swallows you up” (Interview 3).

Such people often think that a “lombard corrupts” and that they would not advise anybody to deal with it.

But the more people got accustomed to lombard services the more often they could overcome their initial complexes especially as lombards improved their image. An informant describes her experience with lombards in the last years (after 1992):

“Of course, the service and all like that... Especially, when I was there in autumn 1998, I must say that everything was at a much higher level, but all the same, I felt uncomfortable. You come there and various thoughts come to your mind: that you have been working hard all your life but when you want to buy something, it turns out that you have to get into debt” (Informant 2, born in 1951).

For other customers lombards have lost their negative image and become a normal way of solving financial problems in cases of emergency. To some people visits to a lombard have become a routine thing and a lombard has become an institution which can help them to survive in the insecure Russian future.

“I treated gold as a thing that can always be pawned. When I look at a ring on my finger, I remember at once how much I can receive for it at any moment (...) If I wished I could borrow money [from friends], it might turn out that I did not need to borrow money at all (...). But I know that I am wearing 200 rubles on my finger... “ (Interview 5).

Informants are coming to the conclusion that it is less humiliating to go to a lombard as an ordinary customer (whose name is not known to anybody around) than to beg a relative or a friend for a loan.

According to our questionnaires, most people consider a lombard as a necessary and useful enterprise.

“Of course, they are necessary. Just in case of illness, God forbid, or in some other case like an urgent need for medicine... Then it is important to have some valuable things [to offer to a lombard, H.S.]” (Interview 1).

Not a single informant in the deep interviews mentioned that for them there was a substantial difference between commercial and state lombards. They all use either a lombard close to their house or the place of work or the one which they are accustomed to. Our five informants equally trust both “state” and “commercial” lombards.

The informants who visited lombard not long ago (within the last year) complained that it became less economical to use lombard service because of high interests and constantly growing prices.

“When I came there I saw that interest had accumulated so much that it turned out more profitable for me to lose the pawn” (Interview 2).

Changes in the Informants' Financial Standing

The transformation from a planned economy to a market economy is a long and painful process and most people have experienced bitter moments due to loss of their savings and constantly rising prices. In spite of this, only one informant in our deep interviews was really emotional in talking about the changes in his financial position as a result of “Gaidar’s reforms”. The point was that he had fallen in love with a young girl 32 years his junior. During only one and a half year he spent \$ 5,500 buying a lot of presents to her. This was why he pawned some things in a lombard. Another informant went to lombard after a long break when she urgently needed money to repay her debt in dollars after the crisis of 17 August. Other informants did not notice substantial changes in their financial position before and after the “Gaidar’s reforms”, or as a result of the crisis of 17 August. This is at variance with our findings in the questionnaire, which clearly show that the people’s standard of living has gone down, but we have to admit that the number of deep interviews has been very limited.

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