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Informal employment

Alexander Muravyev (SPbSU GSoM, Saint-Petersburg and IZA Bonn)

Aleksey Oshchepkov (Higher School of Economics, Moscow)

Does the Minimum Wage Raise Informal Employment?

In the last decades, numerous studies have aimed to understand what drives informal employment. This issue is usually viewed through the lens of the cost and benefit analysis: both employers and employees opt for informality if the costs of formality exceed its benefits. The statutory minimum wage is usually considered as one of the factors that increase the costs of formal employment, thus it may contribute to the expansion of informal employment. However, the existing evidence, mostly from developing countries, is inconclusive. Minimum wage hikes can lead not only to an increase in informal work at the expense of formal employment, but also to the decrease in both of them, or have no effect on informal employment at all.

In this paper, we provide new evidence on this ambiguous issue by studying the effect of statutory minimum wage on informal employment in Russia. Unlike previous studies on Russia, we analyze informal employment at the regional level using LFS data, which are representative in all Russia's regions. To estimate the impact of the minimum wage on informal employment we apply the methodology developed by Neumark and Wascher (1992) to panel data on Russian regions spanning from 2001 to 2010. Our analysis takes advantage of the large cross-regional variation both in the incidence of informal employment and in relative regional minimum wages measured by the Kaitz index.

Our key finding is that minimum wage hikes increase both the share of informal employment (% of total employment) and the rate of informal employment (% of population), while the rate of formal employment is reduced. These effects occur within 2–4 months after minimum wage hike, and are most apparent in the period from 2007 to 2010, when there were two sharp increases of the federal minimum wage accompanied by the decentralization of the minimum wage setting.

Ourania Dimitraki (University of Essex)

Leora F. Klapper (The World Bank)

Georgios A. Panos (University of Stirling, CELMR and CER) *

Informal Origin, Firm Performance and Conduct in the Balkans

In the last two decades, the Balkan countries have been a laboratory of business environment and financial sector reform in the post-communist and the post-conflict transition processes. The main aim was to support formal business operation and performance, as well as to prevent the old norms of informal business conduct. Using data from more than 5,000 firms in eight Balkan countries we examine three hypotheses related to the performance and behaviour/conduct of firms that stemmed from the informal sector. Our results indicate that firms of informal origin perform better in terms of sales and employment growth, as well as exporting activity. Moreover, we find a moderate positive relationship between access to finance among informal firms and their performance, which becomes stronger for young firms of informal origin. We interpret this as in accordance with a competitive view of informality in the Balkans. Finally, we test whether informal forms of conduct persist among formerly informal firms. Our results strongly reject this hypothesis.

Keywords: Informal sector, Balkans, firm performance, access to finance, informal norms.

JEL Classification: D22, M14, O17, O57

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Anne White (University of Bath)

Informality and the Local Labour Market: Applying a Livelihood Strategy Approach to small-town Poland

My paper discusses how and why Poles feel compelled to access employment through informal channels. I focus mainly on findings from interviews which I conducted with 36 long-term unemployed people in Limanowa in 2013, as well as discussions at the local job centre, social services department and adult education college. My paper also draws on my previous research in other Polish small towns, as well as Polish sociological studies and official statistics. I used a livelihood strategy approach to understand how individuals understood their options, within the context of their impressions of the local economy, their personal and household resources (including social capital) and prevailing norms and values. The transition to a market economy and EU membership have not resolved the problem of chronic unemployment in this traditionally over-populated region (Malopolska) and Limanowa was chosen as a fieldwork site because of its high levels of long-term unemployment.

The interviews demonstrated the overwhelming importance of social capital for accessing work in Limanowa. The unemployed interviewees tended to view the local job market as dividing into three parts: a public sector dominated by nepotism; micro-businesses employing family members; and a limited number of slightly larger firms – usually supermarkets and construction companies – typically characterised by ‘junk’ contracts and poor working conditions. When considering their options, interviewees also viewed the Limanowa labour market as extending across Europe from Iceland to Greece. Many had experience of seasonal or other forms of temporary migration, interspersed with periods of unemployment or underemployment in Limanowa. However, respondents tended to trust only in their personal migration networks and would not migrate abroad except on the invitation of an existing migrant.

Education & Discrimination

Nikos Potamianos (Rethymno, Crete)

Citizenship, Racism and Labor Market: the Case of Greek Workers in the 1910s

After the defeat of Greeks in the Greco-Turkish war of 1919-1922 a million of refugees flooded in Greece from Asia Minor; despite their Greek ethnicity and their immediate naturalization, they faced a kind of racism by native Greeks which was also manifested in the labor market. Less known is the case of the anti-refugee attitudes developed against the thousands of Ottoman Greeks who sought refuge in Greece during previous phases of the Greco-Turkish conflict.

In my paper I will focus on the Athens and Piraeus workers' "racism" against these refugees in the 1910s and I will try to place it in its wider context: the legal framework and the changing attitudes of the Greek state and its citizens towards foreigners (both Greeks of the Ottoman empire as well as other ethnicities) who came to work in the country throughout the 19th century; the strength of particularistic solidarity ties, as those between compatriots, and the relatively frequent conflicts between migrant communities in the labor market; the monopolistic strategies of early labor movement, including the efforts to control labor market imposing the exclusive recruitment of union members.

I intend to apply the theory of Et. Balibar regarding "national preference demands": the concept of national preference has been used to refer to the tendencies of workers to make nationalist demands against foreigners, asking for "privileges" in the labor market (as well as concerning provisions by the state) based on their citizenship. According to Balibar these tendencies constitute a permanent alternative to "class ideology", and both of them (national preference and class ideology) constitute the two antinomic poles of unity and particularism which shape workers' action. In a perhaps strange way, these national preference demands did not contradict but in fact contributed to the class formation of the Greek working class in the 1910s.

Dragos Radu (University College London)

Informal Networks and the Value of Foreign Education in a Transition Economy

Despite the dramatic rise in international student mobility from Eastern Europe, there is no systematic evidence on the impact of foreign-educated returnees on economic development and institutional change in the countries of origin. However, such impacts are potentially large and will crucial depend on the nature of selection into both studying abroad and into the subsequent return to the home country.

Using data from a large demographic survey in Romania we are able to compare returnees who had spells of work abroad to those who acquired foreign educational degrees. Our descriptive analysis suggests first that these two groups are widely disjunct: hardly any of the observed individuals have both work experience abroad and are foreign educated.

Our preliminary findings suggest strong and persistent inter-generational effects in the returns to foreign education as opposed to work experience abroad. After correcting for self-selection into studying abroad, the premia received for having a foreign degree become insignificant. This suggests a crucial role played by network ties within the established political and business elite in the country of origin. These findings are consistent with results for China (Sun, 2013) and imply an ambiguous role of elite migration for the prospects of institutional change in the sending countries. In contrast to other results (e.g. Spilimbergo, 2009), for some CEE countries migration seems to contribute to the reproduction and persistence of elites (Acemoglu and Robinson, 2008) rather than their circulation.

Migration & Informal Networks

Walter Dausch (Heinrich-Heine University Düsseldorf)

Informal Aspects of Labour Internationalism: South-Slav Workers Societies Abroad and Labour Organisations in South Eastern Europe until 1914

The paper shall discuss the development of some migrant South-Slav workers organisations outside their homelands. As a phenomenon not much known such organisations existed for example in Paris, Berlin, Hamburg, Munich, Vienna and Budapest, not really fitting the pattern of formal labour organisations in their homelands (if such organisations existed at all) neither ideologically nor structurally. Problems to be dealt with shall be the role they played for the social, political and cultural identity of migrant workers from their „backward“ homelands in „developed“ countries with highly advanced and differentiated Labour movements, the emergence of personal and organisational networking among them as means of informal internationalism, concepts and efforts of integration of these organisations to form a union of South-Slav Labour societies abroad if not a general South-Slav Socialist Confederation, their relations to Labour Organisations at home between not being taken serious and brusque rejection: Were they an integral part of labour in South-Eastern Europe and was the commonplace of a specific „class-consciousness“ of migrant workers returning to their homelands and playing an enormous role for labour organisations there a fact or merely a myth?

Ilhom Abdulloev (Open Societies Institute Dushanbe and IZA Bonn)

Ira N. Gang (Rutgers University, CReAM London, IOS Regensburg, and IZA Bonn)

John Landon-Lane (Rutgers University)

Migration and the Informal Sector

Tajikistan – a small and landlocked country – underwent a serious economic and political transformation since its independence from the Soviet Union in 1991. Over the last two decades it has evolved into the world's most migrant remittance dependent country (more than half of 2012 GDP) with approximately 37% of the labor force working abroad (mainly Russia). Internally, the informal sector is estimated to recently account for 50% of nonagricultural employment and in 2006 by one estimate the shadow economy reached 60.9% of GDP.

We are interested in understanding the linkages between the informal sector and external migration. Who migrates? Who is involved in informal activity? Are they complements or substitutes for one another? Under what circumstances? We build on our recent work (Abdulloev, Gang and Landon-Lane, [http://dx.doi.org/10.1108/S0147-9121\(2012\)0000034009](http://dx.doi.org/10.1108/S0147-9121(2012)0000034009)) which uses 2007 Tajikistan Living Standards Measurement Survey (TLSS). Using the gap between household expenditure and income as an indicator of informal activity (Dimova, Gang, & Landon-Lane 2006. The Informal Sector during Crisis and Transition. In: Informal Labour Markets and Development. s.l.:Palgrave-MacMillan Press, pp. 88-108) we documented the existence of a link between the two and suggested some ways to understand its source, showing a subset of the population finds migration less costly (more earning opportunities are abroad) than involvement in the domestic informal sector. Migration becomes a substitute for informal sector employment.

Here we use the 2007 and 2009 TLSS and the 2011 Tajikistan Household Panel Survey (Danzer, Dietz and Gatskova, 2013, <http://ideas.repec.org/p/ost/wpaper/327.html>). The three years of data permit analysis of repeated cross-sections and a panel subset. We are able to extend our earlier discussion by looking at the causal link between migration and informal activity, and more properly confront why different forms of the link arise.

Artjoms Ivlevs (University of the West of England)

Emigration, Unemployment and Informal Work: Household-Level Evidence for Six Transition Economies

It is well documented that emigration can have negative effects on the probability of employment of migrant household members. However, the link between emigration and informal employment in migrant households has thus been overlooked. We fill this gap by studying the household-level effects of emigration on both informal work and unemployment. We are particularly interested in how remittances and circular migration affect these labour market outcomes.

Our empirical analysis is based on the Social Exclusion Survey, administered by the UNDP/UNICEF in six post-Socialist economies – Kazakhstan, Macedonia, Moldova, Serbia, Tajikistan and Ukraine – in November-December 2009. The survey was implemented as part of the preparation of a Regional Human Development Report on Social Inclusion for Eastern Europe and Central Asia. National samples consist of approximately 2,700 face-to-face interviews per country (2,400 in Serbia); there are 15,901 observations altogether.

The survey contains extensive information on the respondents' labour market outcomes and essential information on household-level migration and remittances. We use the information on the status in the main job (with one of the options being 'working without a written contract') to capture informal employment. Our dependent variable thus differentiates between three labour market outcomes: unemployed, employed with a written contract, and working informally; the model is estimated with multinomial probit. The two regressors of interest are 'receiving remittances' and 'circular migrants (defined as those having foreign work experience and planning to migrate in the future)', and the set of control variables includes standard socio-demographic characteristics and country-fixed effects.

Our preliminary results suggest that, controlling for observable characteristics, receiving remittances and being a circular migrant are associated with a lower likelihood of being employed with a written contract, a higher likelihood of being unemployed, and a higher likelihood of working informally. The next step of our analysis is to determine causal effects of remittances and circular migration on informal employment (using regional/municipality

migration variables as potential instruments), as well as to ascertain any gender and country-specific effects.

Discourses & Representations

Rudolf Kučera (Masarykův ústav a Archiv AV, Prague)

Rationed Fatigue. Work, Body and Effectiveness in Austria-Hungary 1914-1918

The paper will deal with the deep changes in the representations and practices of industrial labor, which were brought about by the First World War. It will explore the transformation of the scientific discourse on industrial work in the Habsburg monarchy, which was deeply intertwined with a broader, late 19th century way of speaking about physical work as about a process of transforming energy. The paper will follow the emergence of some main metaphors, which framed the perception of labor as well as ways in which the specific scientific language about work found its way into the completely new system of labor relations, which was pushed through by the Austro-Hungarian state as a part of its war effort.

As the war dragged on, the Austrian state was facing rising challenges of how to maximize the productivity of its war industry in the hinterland. In numerous campaigns targeted at such a maximizing, state officials often utilized precisely the contemporary scientific findings about physical work, human body and industrial effectiveness and tried to incorporate them into the everyday practices on the militarized workplaces. This led to a gradual rationalizing of the workers' everyday life, effectively stripping many of them of their pre-war status and autonomy. Drawing on a wide range of sources, such as the pre-1914 scholarly literature on biomechanics and physiology, state administration documents as well as newspapers and film media, the paper will illuminate the interplay between scientific representations of the working body and the transformation of the everyday practices of industrial labor fostered by a total war.

Rory Archer (University of Graz)

Representations of inequality and Precarity in Yugoslav Workplaces in the 1980s

Yugoslav workers were arguably more empowered than in other socialist states due to the participatory nature of self-management and prestige of market socialism. In practice however, worker participation and discourses of equality were far more nuanced than official discourses would belie and by the 1980s industrial workers were increasingly socially marginalised. They carried the burden of austerity inspired reforms resulting in a sharp drop in living standards and a massive increase in strike activity. In order to gain insight into representations of inequality and precarity made by workers inside the workplace in the 1980s, this paper analyses workplace bulletins from a number of larger Yugoslav factories. As well as including various procedural and administrative content from management and technocratic elites these publications often reported on discussions and controversies inside the company and provided space for workers to contribute through reports on workers' council meetings as well as in the form of jokes, aphorisms and cartoons. This paper focuses primarily on these less formal contributions, conceiving of them as a space for the articulation of worker dissatisfaction and frustration – often populist – but usually within the bounds of the self-management system. Being mindful of the particular ideological and market constraints placed on the editorial boards of such bulletins by management a careful analysis can nonetheless reveal some of the contentious issues concerning ordinary workers. These often transcend official/unofficial binaries revealing the interaction or convergence of institutional and informal practices in the workplace. Through cryptic jokes, aphorisms and cartoons this paper finds a multiplicity of ambiguous (sometimes even openly antagonistic) attitudes towards both management and technocratic elites and fellow workers. The wide variety of concerns (e.g., corruption, nepotism, material insecurity...) and the level of workers' engagement run contrary to accounts which assume Yugoslav labour in the 1980s to be lacking in agency and solely preoccupied with nationalist homogenisation.

Labor market outcomes

Tatiana Karabchuk (Higher School of Economics, Moscow)

Subjective Well-Being and Type of Contract in Europe: is there any Effect of Labor Legislation Institutions?"

Previous research showed that precarious jobs often bring lower wages, job instability, job dissatisfaction and fewer career development opportunities. That gives us ground to suppose lower level of life satisfaction and happiness among those employees on temporary or informal contracts. This paper aims to test this hypothesis in cross-national perspective across Europe. The authors claim that employment protection legislation (EPL) that shapes the labour market in the country explains cross-countries' differences in subjective well-being as exactly the strictness of the EPL leads to the growth of "bad" on the country level. European Social Survey (2010) data and Quality of Life Survey (2011/2012) are the basis for empirical part of the paper. The results from multilevel modeling give us strong ground to declare that temporary and informal work contributes to unhappiness and life dissatisfaction. The situation is worse in countries with strict employment protection legislation, where temporary or informal contract significant negative effect on subjective well-being. In countries with liberal labour legislation employees have higher rates of subjective well-being as fewer people are employed in precarious jobs with short-term contracts.

Dushko Josheski (Goce Delčev University, Štip)

Dimitar Eftimoski (Faculty of Business Economics, Skopje)

**Democracy, Government Policy and Labor Market Outcomes in CEE Countries:
Pooled Time Series Cross-Section Analysis**

In this paper we investigate the effect of democracy indices, government related variables and other economic variables on labor market outcomes, in a sample of Central and Eastern European countries. As labor market outcomes, here we use variables: unemployment rate, long term unemployment rate, employment to population ratio, average annual hours worked - these are dependent variables in our models. As independent government related variables we use following: government consumption, tax revenues as percentage of income, Herfindahl index of government, as well as social contributions per revenue. For the democracy indices we use Freedom house political rights and civil liberties index, worker rights by CIRI institute, physical integrity index, and we estimate their effect on labor market outcomes. As for the independent economic variables we estimate the effect of economic growth, inflation, gross capital formation of the country and disposable income effect, on labor market outcomes.

Keywords: Labor market institutions and outcomes, democracy, Central and Eastern European countries.

JEL codes: J08, J01, H51, H55, H83

Zdeněk Nebřenský (Charles University, Prague)

Allocation of Work and Job Placements Under Socialist Dictatorship Between Central Planning and Informal Networks, 1956-1968

The paper focuses on problems of central planning, allocation of work and job placements of young graduates in post-war Czechoslovakia and Poland. Following Mary Fulbrook's consideration of the fundamental intertwining of the public and the private under state socialism, the paper is asking in what way the allocation of work after Stalinism was shaped by power structures, public institutions and informal networks. The paper argues that problems faced by young people with finding jobs and starting work created preconditions for societal activism and legitimacy's change of socialist dictatorship in East Central Europe in the 1960s.

Allocation of work referred to the discrepancy between centralized planning and its execution. The centralized planning and the nationalization of key economic branches were implemented in East Central Europe as a response to the economic crisis of the 1930s. Wartime forced labor, the expulsion of the German population and the Stalinist mobilization campaigns in the early 1950s helped to establish the centrally planned job placement program. Party-State authorities regulated the labor market and the distribution of the workforce was determined by the central plan. Every year, the state planning commission together with branch ministries, public administration and manufacturing companies devised the plan according to which graduates would fill vacancies. The centralized job placement program never worked entirely smoothly, but it was able to assign work to most graduates. From the late 1950s, the centrally planned job placement, according to which everyone should be placed in a work position, repeatedly collapsed and many graduates looked for jobs individually and with the help of informal networks. Graduates were threatened with the risk of unemployment and had often to work in second-rate positions not suited to their skills.

Inequalities & Non-Work

Ulrike Schult (Friedrich Schiller University Jena)

"Back then Hungry People went Abroad, now it's the Geedy Ones." Industrial Workers and the Strive to take Part in the "Good Life" in Yugoslav Socialism

It has often been noted from the 1960ies onwards that drastically risen living standards and the enthusiastic experience of consumerism that was characteristic for Yugoslavia's path between socialism and capitalism wasn't in reach for a part of the population. One of the main contradictions of the Yugoslav socialist project besides the dysfunctional practice of self-management with traits of market economy was that a part of the industrial labour force remained underprivileged while Yugoslav communist ideology after 1948 had departed from humanizing industrial labour by introducing selfmanagement in factories and later as a basic principle on all organizational levels of society. Within the social space of industrial enterprises as an analytical framework I want to discuss forms of solidarity and egoism that evolved along various lines. Which arguments were used in discussing the value of production work, the level of wages and the strive for the "good life" in Yugoslav socialism? Which forms did negotiations of these topics between managerial staff, functionaries in mass organizations, and production workers of different professions and qualifications take on. In which ways was dissatisfaction of the workforce with social inequalities voiced and dealt with in the factory, mass organizations, and other institutions? To what extent and in which ways did different actors in industrial environments refer to the ever changing principles of Yugoslav self managed socialism and which other concepts were dominantly used while arguing for particular interests? The paper seeks to shed light on these questions applying a comparative perspective between two vehicle factories situated in Serbia and Slovenia.

Chiara Bonfiglioli (University of Edinburgh)

Representations of Work and Non-Work in De-industrialised Cities: the Case of Textile Workers in Post-Yugoslav States

This paper focuses on the impact of deindustrialisation on textile workers and former textile workers living in post-Yugoslav states. The garment industry flourished in Yugoslavia from the early 1950s onwards, when the country started to practice its specific form of market socialism. State-owned textile factories employed hundreds of thousands workers, notably women, contributing to the industrialisation of rural peripheries. In the 1980s Yugoslavia was a leading producer and exporter of textile and wearing apparel worldwide. During the 1990s and early 2000s, after the collapse of socialism, and as a result of the global competition in garment production, many textile firms closed with a resulting increase in unemployment. In several post-Yugoslav towns, the production has not been recovered and the former industrial districts have become a deindustrialised wasteland. Overall, labour rights and working conditions worsened significantly.

Former textile workers' narratives, therefore, express a strong nostalgic longing for past work experiences and for the job security that existed during socialism, in contrast to their post-socialist present characterized by deindustrialisation, unemployment and precarious labour relations. Meanwhile, in a context where formal waged work is scarce, informal solidarity networks and small-scale entrepreneurial strategies have gained even further importance than in the past. On the basis of oral history interviews collected in Štip (Macedonia) Leskovac (Serbia) and Bosanski Novi/Novi Grad (Bosnia-Herzegovina), the paper investigates representations of work and non-work among textile workers and former textile workers, particularly among women. These representations reflect the major impact of the transition from socialism to post-socialism, from Yugoslavia to post-Yugoslav states, on workers' everyday lives.

Vassilis Monastiriotis (London School of Economics)

Angelo Martelli (London School of Economics)

Determinants of Non-standard Employment and Paths to Informality in Serbia: 'Coping' versus 'Sorting'

This paper investigates the determinants of non-standard employment in Serbia, using individual-level data from the Serbian Labour Force Survey for the years 2008-2011. Our focus is on the incidence of informality, although other forms of non-standard employment (temping, part-timing) are also examined. Our interest is twofold. On the one hand, we want to identify the relative contribution of various individual characteristics (gender, education, etc) on the likelihood of having an informal job. On the other hand, more importantly, we want to examine the specific process via which individuals are sorted into informal jobs.

We examine these two questions with the use of a hierarchical probit model, which allows us to test two alternative two-stage selection paths. In the first path, the individual is first selected away from formal employment and, subject to this, her characteristics determine her effective 'choice' between unemployment and informality ('coping'). In the second path, at first comes a selection into employment (formal or informal; versus unemployment) and the subsequent 'choice' (on informality) is presumably being made by the prospective employer ('sorting').

Unveiling the relevance of each of these paths is particularly important, as it directs us to different policy prescriptions for addressing informality. If the 'choice' between informality and unemployment is one that is being made subsequently to being directed away from formal jobs, informality becomes essentially an issue of employability and labour quality – i.e., a supply-side problem. If, however, selection concerns a prior separation between employable versus non-employable individuals and only subsequently a sorting into informality, then the latter should be more appropriately seen as a demand-side issue, concerning the availability of quality (formal) jobs.

Our preliminary investigation suggests that processes of selection are indeed important; but that these differ between different types of non-standard employment – with informality being more likely a jobquality issue while other non-standard (but formal) forms of employment (temping, part-timing), being more related to employability issues.

Social Capital & Trust/Distrust

Jan Fidrmuc (Brunel University, London)

How Persistent is Social Capital?

Formal and informal institutions are often thought of as being highly persistent, with historical events such as conflicts, authoritarian regimes or legacy of colonization having a long-lasting effect on the institutional environment. Social capital, in particular, has been highlighted as being of highly persistent nature. In this paper, I propose a novel method for analyzing the persistence of social capital: I consider regions which have experienced large-scale population displacements some 50-60 years ago. As social capital is embedded in relationships, regions that were repopulated by migrants are likely to start off with little inherited social capital. My analysis suggests that, with a lag of approximately two generations, the inhabitants of these regions display similar stocks of social capital as their counterparts in regions unaffected by population transfers. Hence, contrary to the Putnamesque view, much of the present-day social capital appears to have been formed in recent past rather than attributable to long-term historical legacies.

Keywords: social capital, trust, institutions, migration, population transfer.

JEL Codes: Z13, P36, O57, O17

László Kürti (University of Miskolc)

Production of Trust and Labor Relations in Late-Socialist Hungary

The nature of trust/distrust has received a large coverage recently (Cook, Fukuyama, Giddens, Marková, Misztal). In this presentation I discuss an important yet neglected aspect of everyday reality under late socialism in Hungary: the institutionalized Committee of Grievances (CG). Such committees promoted trust not only in party members but in the labor force at large by allowing discontent to be voiced publicly. I analyze workings of one local CG by utilizing their hearing reports, suggesting that by the late 1970s – when Kádárism had established itself as a prime example of a goulash-communism – a significant proportion of citizens believed that the party could be reliably entrusted with their complaints. By examining quotidian details of the ways in which party leadership catered to the needs of workers, we may uncover the party's inner workings and hierarchic nature. Such an examination of the contradictory, often contested and negotiated nature of CG hearings yields significant results with regard to the anthropocentricity of the socialist system and its errors and contradictions. These paradoxes, I believe, contributed to the erosion of the trust and confidence required for forging the strong bonds and stable relationships necessary for sustaining the socialist labor force. While the issue of trust ought not to be overestimated, in these cases trust and confidence were not merely moral or ethical concerns but also a means of maintaining the system - promoting actively an ostensibly “egalitarian” socialist way of life, and relativizing belligerent stasis between workers, bosses and communist party chiefs. By considering such grievance narratives, I hope to elucidate how specific routines and reputations were established and memories produced in socialist Hungary, with their concomitant effects on perception and behavior.

Tamás Bezsényi (Eötvös Loránd University)

"Mine, Yours, Ours". Informal Relations Among the Workers of the Csepel Car Factory in the 1960s and 1970s

In Hungary the term "fusi" appeared for first time in newspapers during the spring of 1957, after the Hungarian Revolution. The word comes from the German word *pfusch*, which means botch but in the informal speech of state socialism it referred to a person, who used the resources provided by the state in the state-owned factory to prepare a device for his own purpose/use or undertake a private job.

The Csepel Car Factory management permitted the workers to make sleds from waste materials only. The next directives, however, warned the workers not to use the materials required for production purposes. These warnings had to be repeated several times over the next decade.

My research, which is based on a combination of in-depth archival research and forty narrative interviews that I conducted with the workers of the factory, aims to explore the everyday practice of "fusi" and its meaning and moral judgment among the workers. This phenomenon – which is a typical example of information relations under "actually existing" socialism – remained unexplored in the Hungarian literature. This is partly due to the fact that even oppositionist intellectuals considered the phenomenon as marginal. A Hungarian intellectual, who was convicted for political reasons, Miklós Haraszti worked in a factory for one year, wrote an essay in the mid 1970's about his working experiences. Haraszti stated that the manual workers practiced "fusi" for their own entertainment without any serious goal or wider cooperation. However, two sociologists pointed out that the practice was a rational gratification of a need; nevertheless, according to them, only the unskilled workers were involved in "fusi".

This research aims to prove that "fusi" was a rational choice for the manual workers, as they could make really useful objects for themselves and each other. As a result of this widespread practice, a wider cooperation and informal relations evolved between the people who worked with different materials. The cooperation could work among different factory units as well.

According to the factory and municipal documents, during the 1960s the state could not provide the workers with loans needed for the renovation of the infrastructure of working-

class settlements. Therefore the workers in the Csepel Island "fusi" many machines and devices (such as cement mixer, welder transformer) in the factory, and then they participated in community work to build bus stops, and to renovate the medical office. The informal networks of the workers played a huge role in similar reconstructions, which had not been adequately emphasized in the literature.