

УДК 316.3
ББК 60.56
S 50

Редактор серии WP4 “Социология рынков”
В.В. Радаев

S 50 **Sik E.**
Family, Household and Inter-household Network Coping with
Economic Crises.

Household studies is a research area which attracts much attention of economic sociologists at present. The author argues that the era of postcommunism forms a historic situation in which the importance of the household as an economic actor is increased. The paper is focused on the following issues: Why do households and inter-household networks strengthen while coping with economic crises? What strategies are pursued by the households in postcommunist economic crises? How do the households and their mutual safety nets survive and change over the time in a new institutional environment?

© E. Sik, 2002
© Оформление. ГУ ВШЭ, 2002

Definitions of the household

In the economic sociology literature, the household as an economic actor is usually defined on the basis of the following twin-assumptions:

- it is “eternal” [Braudel, 1979]; however in the “normal” times, it is invisible being “natural”, tradition-driven common sense for ordinary people, hidden-disguised — for other economic actors (alegal, i.e. being uncovered by any state regulation), and “theoryless” (as compared to other major actors, such as the state or the market) for the mainstream economics;

- however, from time to time, due to various reasons (in crisis situations such as war, disaster, pestilence and famine), ordinary people rediscover the advantages of domestic production. And following the swinging of the thematic discourse pendulum in the social sciences, as well as the technology-driven institutional changes in the economy, economists and sociologists, too, keep on rediscovering the household as an economic actor.

For the last time such a revival of the household as an economic actor occurred in the U.K. in the early 1980-s and went hand in hand with various other “discoveries”: the informal economy [Henry, 1978; Informal Institutions, 1981; Gershuny, 1979; Mars, 1982; Pahl, 1984], the ethnic and local economies [Wallman, 1979; Ethnic Communities..., 1984], the various concepts of small scale production (such as self-employment, simple commodity production, sweatshop exploitation) [Family and Work..., 1984], and the growing flexibilization of the labour market [Pahl, 1984]. Such a mixture of related rediscoveries might indicate that the renaissance of the household issue is but a small part of another rediscovery — of something more deep and complex going on in contemporary societies.

The new theories focusing on the household as an economic actor have tried to answer the basic question: What makes the household as an economic actor capable of surviving in the face of modernisation, urbanisation, industrialisation, globalisation, technological development?

Since the early 1970-s, the household as an economic actor was made visible (again), as it was (re)discovered in various forms such as:

- one of the ways to cope with crises [Caplowitz, 1979];

- a low cost (being “natural”) resource [Boulding, 1972];

- the owner of huge amount of the national wealth [Burns, 1975];

- the shift of the household from production to reproduction [Mingekalman, 1978];

an efficient production structure [Becker, 1965];
a product of the commodification and extension of the global market [Friedmann, 1978].

More sophisticated approaches compare the household to the market and explain its “eternity” by its advantages in size and/or structural terms such as the peasant mode of production over simple commodity production [Friedmann, 1980], by its ability to resist capitalist exploitation while remaining useful for the working class in the course of class struggle in affluent capitalism [Humphries, 1977] and/or by its status as a pool of cheap units for the labour power reproduction world-wide [Wallerstein, 1984].

“Eternity” of the household

In the Gershuny — Pahl triangle model, the emphasis was made to negate the linear character of the evolutionary process. The authors claim that there is no “single great transformation” from a custom-based economy towards a modern economy.

“Rather, we argue that technical innovation, changes in the capital endowments and modifications in legal institutions and in patterns of organisation combine to produce a rather less tidy pattern of development. Instead of the steady one-way flow of economic activity from the household to the industrial production system, we see a whole series of little transformations of production... whose directions are determined by the particular social and technical conditions relating to the production of particular commodities at particular times” [Gershuny, Pahl, 1981, p. 79].

Later, Pahl [Pahl, 1984] referring to Gershuny’s papers — the ones on which their joint model had been based [Gershuny, 1978; Gershuny, 1979] — criticised the “triangle” approach for being “economistic”. Using the now-famous “woman ironing a garment in a domestic dwelling” [Pahl, 1984, p.123] paradigm in which a differentiation is made between wage labour, petty commodity production and shadow labour, individual and social reproduction, social solidarity work and voluntary work, he elaborates the model to achieve a better and more subtle understanding of the social relations at work.

Gershuny also moved towards a “more sociological” approach. In a later version of the triangle model, he argues that “if we are to understand the processes of structural change in the “economy”, we

need to consider evidence about behaviour outside it. We need to know more about the detail of daily life” [Gershuny, 1988, p. 585].

Contrary to what the two authors of the “triangle” model argued (but not against their intentions, since I am convinced what I am going to suggest is the best way to extend the original “triangle” model towards a more “embeddedness-prone” approach), I would say that the “triangle” approach was *not* economic enough.

To prove this thesis, I have chosen some “classic” examples which show that the household is “eternal” because it has certain institutional characteristics that — in certain “eternal” situations (self-subsistence production, minor crises, resource constrained investment, etc.) and for certain “eternal” groups (family business, marginal groups, ethnic enclave economies, etc.) — make it more “useful” than any other institution (in a very similar way I argued for the “eternity” of reciprocity [Sik, 1988c]).

In my view, the following examples are very convincing because they:

- treat the household as “embedded” into concrete economic-social circumstances which helps us understand the unique characteristics of the household that explain its “eternity”;
- compare households with other institutions, and this allows us to see the institutional characteristics of the household in the light of alternative institutional solutions.

The two classics are Ben-Porath [1980; 1982] and Pollack [1985]. The former “discovers” the importance of “identity” in economics, the latter applies the transaction cost approach to the household.

The 1980 Ben-Porath article starts with a heuristic analysis of the continuum on which the family and the markets (as defined in textbooks) are the extremes. The former is the “maximum-identity” institution in which the transactions are repeated games, “dealings with each other”; it is a locus of “implicit contracts”. The latter is characterised by spot market features, anonymous actors and frictionless transactions. On this continuum, several types of identity can be arranged, and these various “levels of identity” create entirely different cost and benefit conditions in the course of transactions: “The degree to which identity dominates or is subsumed under the impersonal dimensions of specialisation shapes the type of transaction and contract” [ibid, p. 1].

Taking this simple idea as a basis, he goes further and singles out three “worlds” different from each other in the following aspects: (a) the importance of identity; (b) their accessibility and relevance for

different agents and for the same agents in a different organisation, (c) different risks and different solutions to cope with them and (d) the different costs of their operation and the ways they try to reduce them.

In a later paper, Ben-Porath (and some of his followers) “rediscover” the household as the core actor of income production and distribution: “...the family, however, is not merely a statistical nuisance that must somehow be suppressed in the analysis of income distribution. Families are the major nonmarket institutions through which incomes are jointly generated, pooled, and redistributed” [Ben-Porath, 1982, p. 1].

As to income generation, the central assumption of the new home economics is that:

“gains from intrafamily transaction beyond what each could produce on his own in the market or at home rest on the gains from the division of the labour in the household and between the household and the market and from the advantages of co-operation. Co-operation between family members is advantageous partly because of the superiority of transactions between partners tied in along-term relationship embedded in the family... This encompasses not only the allocation of labor time between home production and the market, but transactions in capital, the joint management of property, mutual insurance and help, and so on... The gains from the family connection are likely to be larger (at least for large families) the less developed are the markets for labor, capital and insurance and less active the government in providing substitute services...” [Ben-Porath, 1982, p. 2].

As to pooling and sorting, the basic question is: what are the borders of the household and what the type and the volume of pooling and sharing of income and wealth are and what forms of sorting potential household members occur within and through these borders. It is nicely demonstrated by the example that income distribution might be very different depending on the way one defines the border of the household (Western type nuclear family versus the Chinese extended family form, the *chia*) [Greenhalgh, 1982].

Pollack begins his seminal article with an argument that fits perfectly into my “eternal renaissance” thesis: “Families are fashionable. Within the last decade, social scientists have rediscovered families and households as fit subjects for serious analysis” [Pollack, 1985, p. 581]. The theoretical benefits he expects from using the transaction cost approach for the analysis of the operation of households stems from

the fact that this approach keeps from the New Home Economics some elements of standard economics (such as cost-benefit analysis, production functions) and acceptable axioms (relevance of preferences, the concept of optimisation) but extends the scope of analysis to the structural and organisational aspects of the household as an institution.

In his essay, the author compares the family and the market as the units of production and suggests an extension of the “identity-argument” of Ben-Porath: “The advantages of the family as a governance structure for organising particular activities flows from its ability to integrate those activities with pre-existing, ongoing significant personal relationships” [Pollack, 1985, p.585]. His examples prove this thesis for the case of home production, consumption, insurance and production for the market in general. And he argues that exactly the same structural characteristics of the household which give them the competitive edge in certain situation are the major causes of their disadvantages in other situation.

As to Eastern Europe, Claire Wallace gave powerful examples concerning the importance of the household as a working unit coping with an economic decline. Even if we assume that things will improve in the future, we cannot hope to achieve the level of certainty and affluence in which household can afford no self-produce but only self-service and “self-welfare” [Sik, 1988a].

As to the European Union, let me provide just two examples which indicate that household will not be undervalued in the affluent part of Europe.

In a comparative analysis [Households Work..., 1997], the authors compare British and Norwegian deteriorating local labour markets and using anthropological-type case studies show the similarities and differences in the forms households cope with the bad and worsening conditions. Though I do not accept their theoretical position (a sort of anti-institutional-economics institutionalism) and despite the limitations of the case study type empirical analysis, I think their argument is perfectly acceptable and fits into my thesis of the coming of the new wave of the “eternal” renaissance of the household. They argue (following [Dahrendorf, 1995]) that in Europe, there is and will be (perhaps on an increasing scale) an antagonism between social solidarity and economic competitiveness. They foresee (and already experience) that households will be considered as the “natural” units to increase the flexibility of the economy, i.e. the household will be (or is already)

rediscovered by the New Right as a panacea for economic problems that would not endanger solidarity, as the household by definition is eternal and its capacity to survive is limitless. This of course will prompt counter arguments and may result in a new wave of “eternal” renaissance of the household as an economic actor.

The other example is an excellent data set which shows that between 1985 and 1996 in almost all OECD countries, the proportion of “work-poor” (no employed adult) and “work-rich” (two or more employed adult) households increased (among all multi-adult household) at the expense of the “balanced” (one employed adult) work-allocation type. The figures in the subsample of two-adult household indicate a small increase for the “work-poor” (0.3%), a sharp increase for the “work-rich” (8.6%) and in consequence a 8.9% decrease for the “balanced” household type. Exactly as the Sheppey case study forecasted for Britain [Pahl, 1984; Pahl, Wallace, 1984].

Supposing that such a powerful confirmation of a relevant hypothesis cannot pass unnoticed and unreflected, again we should assume an increasing attention towards household work strategies and their role in social and economic processes.

In my view, it would be an excellent opportunity to get back to the “triangle” as a perfect basis of a technology-minded non-linear macro-level development model. But I would suggest not only to extend it to the directions the authors suggested (differences by social strata and among the social processes of work) but to incorporate what we can learn from the new institutional economics. This would allow us to gain a better understanding of the “eternity” of the household both from the outside and from the inside.

“Forced” family empowerment in the course of post-communist transformation

As I indicated in the first paragraphs of the previous section, there are certain historical situations which increase the importance of the household as an economic actor. In this section, I develop a thought piece (using some examples to illustrate the main points of this venture) to prove that the era of post-communist transformation is one of such historical situations.

The essence of this transformation is that Eastern Europe is in transition from state-socialism (communism) to a sort of capitalism. In the course of this transition — even in the best case — huge masses have had to face impoverishment, economic insecurity, decreasing living standards. Even in Hungary (the country which used to be the “jolliest barrack in the camp” during the 1970–1980-s, and managed to escape the twin-ghost creeping around in Eastern Europe — aggressive nationalism and separatism) for some years the inflation was as high as 25–40%, the level of unemployment was above 12% and the standard of living was decreasing for almost a decade.

How does this lasting worsening of macroeconomic circumstances influence the family as the basic institution of reproduction and the household as the unit of the production of well-being? Do deteriorating economic conditions tear the household into pieces, destroy the family and turn society into a chaos of egoistic individuals feeling loyal only to themselves and to non-family organizations such as peer groups, gangs, parties, churches, sects, etc.? Alternatively, do family bonds, household units and inter-household networks strengthen as the most adequate coping institutions in economic crises?

In the economic sociological literature, one can find arguments for both hypotheses. The production in the household shrinks and the inter-household network weakens as the economic troubles of a society increase. This can be derived from the anthropological texts dealing with poverty as a subculture in Mexico or in Italy [Lewis, 1960; Banfield, 1958], from the calamity concept of Sorokin [1942] and from the famous Marienthal case study [Jahoda, Lazarsfeld, Zeisel, 1933] where due to the high level of unemployment, large proportion of the households became apathetic or were in despair, i.e. close to collapse.

But there are also anthropological analyses proving that the poor and those becoming impoverished are ready and able to cope even with lasting economic hardship by strengthening their families, forming close-knit networks around their families. Describing the shanty-town of Mexico City, an anthropologist [Lomnitz, 1977] analyzed how the value of *confianza* could increase in utmost poverty and how heroically women left without male “provider” could struggle for survival. In 1970-s, a U.S. survey showed that the poor in an urbanized and marketized society rely on the household and inter-household networks to cope with inflation

[Caplowitz, 1979]. Economists dealing with the peasant family, the self-employed or with casual workers described the household as the proper coping institution in economic crisis all over the world [Chayanov, 1986; Bromley, Gerry, 1979; Galbraith, 1973].

While the family, as a very flexible and adaptive institution (i.e. the proper organization) to cope with unexpected crises, is highlighted by the transaction cost approach [Ben-Porath, 1980; Pollack, 1985], it is the tamest and therefore the most easily exploitable economic actor for the neomarxists [Pahl, 1984; Households and the World Economy, 1984].

Despite their totally different political background, these two “schools” offer solid theoretical bases for understanding the structural reasons of why households and inter-household networks are likely to remain intact in economic crises and prove to be useful as a coping means for the individuals hit by economic crises.

My tentative answer to the questions in the introductory paragraphs of this section is that in Eastern Europe (1) for the majority of the population, (2) both household and inter-household network based self-production will be strengthened under the pressure of economic crises, but not without huge social costs and not without lasting conflicts.

Why only for the majority? Partly, because certain segments of the society are the “winners” in the post-communist transformation; therefore, in their case, there is no need to develop coping mechanisms at all. And partly because there are other ways to cope with economic difficulties than the strengthening one.

As columns 3 and 4 in Table 1 show, those who suffer the least or not at all from inflation have the same coping strategies as those who face severe problems to get by. The only difference between these two groups is that these occur less frequently and are combined more often with profitable and active responses such as the last six rows in Table 1. Obviously, households who fight inflation by investing or buying bonds, etc., should be excluded from the analysis of coping with economic crisis. In other words, from a social stratification perspective, the “upper” limit of my analysis is the social group which manages to maintain its former standard of living.

As to the “lower” limit of my analysis, there are several groups that lack access to household and inter-household networks (e.g. orphans, the homeless, migrants and refugees, etc.)¹.

Moreover, there are always social groups choosing non-household type coping behaviour, e.g. individualistic types: suicides, drug abusers, and collectivists: skinheads and other gangs, sects and cults — all existing and even growing as coping alternatives in contemporary Eastern Europe.

Why will households and inter-household networks strengthen in coping with economic crises?

There are two preconditions that increase the probability of the emergence of such a trend. First, the traditional family oriented values should remain intact. And second, the inertia of inter-household network should remain considerable.

Every value survey in European and in particular in Eastern European societies show that the family, the household and the inter-household network are the most important institutions in the course of social reproduction and are the basic structure of everyday life. A representative survey of Hungarians shows that 86% of the population sends greeting cards for Christmas or the New Year (one person has

¹ According to an analysis based on the census data, in 1980 in Hungary there were about 200000 homeless people (including those living in substandard housing). In the recent years, this figure has multiplied due to the decreasing social house building, increasing rents, privatization of workers’ hostels and the fiscal crisis of the post-prison and post-orphanage social work [Gyóri, 1990].

As to the level of migration, in Hungary there are about 8000 refugees, 10000 migrants, and 100,000 of illegal guest workers [Sik, 1992]. Migration and ethnic conflicts, on the one hand, and family disruption, collapse of inter-household network, on the other hand, often go hand in hand. In Serbia and Croatia where multi-ethnic families have been formed for decades, the civil war and the cruel ethnic based media war created a situation in which these families are under severe pressure: “... the war produced thousands of stateless people, with no place to go and no place to go back to. Wherever they reside, Serbia or Croatia, such people are now considered potential enemies... One person from a mixed marriage ... reported that: “I have always been closer to my mother. I felt Croatian, Catholic, I even went to church. But I have now repeatedly been told that I cannot stay in Croatia and keep my job — not even with a single drop of Serbian blood in my veins. The situation became unbearable, so I left for Belgrade (the capital of Serbia. — E.S.) where I thought I would be better accepted but where I was an *Ustasha Croa*”[Morokvasic, 1992].

about eleven contacts of this type), and 46% of the sample stated that the size of their personal acquaintances is above 1000 people [Angelusz, Tardos, 1991].

Let's not consider the role of households as economic units. As Table 1 and 2 indicate, domestic production is one of the most widely used means of coping with inflation — even among those who hardly suffer from it, i.e. it is much more than a resource used only in calamity by the desperate.

In crises situations, reciprocal exchanges among households have been also of great importance in Hungary just as in other parts of the world [Sik, 1988c; Sik, 1988b]. As to the other Eastern European countries, in Table 2 we can see that both in Czechoslovakia and Bulgaria domestic production and inter-household networks (be that reciprocal help or “petty corruption”) are of great importance to make ends meet.

Moreover, in the past several decades of communism (except the first years when there were quite lively waves of anti-family campaigns), unintentionally but quite strongly, the role of household and inter-household networks as the basic units of the informal economy has been reinforced [Sik, 1988c].

Institutions and organizations already in place offer low-cost solutions as coping means since there is no cost involved in setting them up, there is no cost in learning their operational rules and the organization and monitoring costs are also low since all the actors involved have been socialized to these institutions from their early childhood. The household and inter-household networks being strong and widely used institutions offer a plausible coping means for the majority of the population in Eastern Europe. This is all the more so since the other alternatives (market, redistribution and non-profit organizations) have been constrained for economic and political reasons in the past decades [Sik, 1988a].

If the reader agrees that East European societies are family-oriented, with centuries long experience of combining domestic and petty commodity production, and that dense inter-household networks exist among them, I can answer the core question: why will households and inter-household networks strengthen instead of collapsing as a coping institution in Eastern Europe. I chose the transactional cost approach as the theoretical framework to answer this question.

The transactional cost approach characterizes the household as a unit of production. The most important feature of this unit is its high asset specificity. That is, the household, due to its structural characteristics (non-permeable boundary, overlapping between the family as a reproductive-social unit, small size, emotional load, personalized relations and stability) cannot change its size, labour composition, internal organization, allocative principles and production system easily, and its spatial boundedness is also high.

The household as a governance structure of economic activity has also some advantages and disadvantages compared to that of the market oriented producers, i.e. to the firm.

Its disadvantages are as follows:

- there is a perpetual danger that intra- and inter-family conflicts spill over to the household production sphere (due to overlapping between the two systems and the obvious spatial closeness), e.g. gender or cohorts conflicts, or entirely personal differences produce conflicts in the division of labour, increase the chance of opportunistic performance;

- it is very difficult to evaluate and discipline a fellow member of the household since they also know Ego's Achilles' heel (small size, spatial closeness, spill over in the form of favouritism);

- there can be wide incongruence between the abilities and talents of the household members and the needs of the household as a production unit (non-permeable boundaries, small size and the non-meritocratic principle of the selection of new household members) which decreases the efficiency of the production and increases the conflicts in the production sphere (which very likely will spill over to the emotional-reproductional sphere);

- and, finally, it is impossible to realize "the technologically achievable economies of scale" [Pollack, 1985, p. 588] because of the small size and stability, the high level of human, spatial and technological asset specificity of the household.

As to the advantages of the household governance structure, these also stem from the structural characteristics of the family-household:

- there are strong and long lasting incentives for the household members to be innovative and active in the household production (due to the non-permeability and stability of the household, its members can anticipate inheritance, dowry, defence and care from the other household members in the long run in return to their performance);

- it is easy to monitor the activities of the other household members (spatial closeness);
- there are limits of opportunistic behaviour (partly, because all household members to some extent control themselves, the reasons for that being: the anticipation of the long term material interest, “family pride” and the “We-consciousness” i.e. the positive aspects of the “spill over” from the family subsystem; partly, due to spatial closeness). This positive attitude is much more than just the readiness to do the monotonous drudgery of chores and domestic production. It is also manifested in the form of altruism and loyalty resources without which the domestic production would not exist at all [Boulding, 1972].

Rephrasing my original hypothesis based on the transactional cost approach paradigm, I assume that in Eastern Europe — among those households which have to and are able to cope with inflation — the household and inter-household networks should be strengthened in the course of transition because their advantageous aspects overcome the disadvantageous ones.

The family-orientedness and the existence of dense inter-household networks would offer a low-cost coping means for those who need them. In other words, in social circumstances where the family is the “natural” unit of reproduction, where the household is the “normal” unit of the production of well-being and where inter-household networks already widely exist, relying on these institutions (establishing them, learning and teaching how to use them, searching for them) involve no costs. The costs of operation, organization, monitoring and evaluation are also very low in these cases due to their structural characteristics (as we have seen in the preceding paragraphs). It is not surprising that coping with inflation is widely done by household and inter-household means both in Hungary and other Eastern European countries (see Table 1 and 2). Coping with end-of-the-month liquidity crisis is also often done via inter-household networks (see Table 3).

The transactional cost approach offers some explanations why households choose domestic work and inter-household transfers so frequently in coping with crisis:

- Loyalty to the family tends to increase when hard times are around; the same is true of inter-household networks. However, I accept Sorokin’s thesis that depending on the length, the depth and the level of unexpectedness of the crisis, there is a limit to this reaction [Sorokin, 1941]. In other words, this “hedgehog” reaction does not work when

the crisis goes beyond a certain level. Due to the increasing level of loyalty to the family, household-centred production becomes a preferable coping option (implying more altruism, less negative “spill-overs”, more self-monitoring, etc.).

- The “hedgehog” paradigm also implies an increase of the spatial asset specificity. The size of the household increases, the economies of scale become more possible and there is more opportunity to allocate those chores to the member who is the best in it and to organize the domestic division of labour more flexibly. Both trends could increase the efficiency of the production and decrease the chance of conflicts.

- For a very long time in 1990, the level of out-migration from urban Hungary was more than the inflow. The growth of the rural population could contribute to the increase of household production (the village traditionally is more family-oriented than the city, there is more opportunity — and pressure — to household production in the rural than in the urban economy, the smaller size of the community increases the chances of the development of a more intensive inter-household network).

- Last but not least, households in trouble to some extent are forced to choose the domestic production and inter-household transfers as coping strategies, since neither the market nor the state offer any better option.

The market as an alternative is increasingly a less real option for the needy households, since prices are increasing while their efficient demand is decreasing. As for the state sector, since the mid-1980s the state-run welfare system has been shrinking [Sik, 1988a], and by now is far from being able to offer a solution for masses in trouble. The result is the growth of the self-service economy — thought quite different from what Gershuny describes [Gershuny, 1983].

Social costs and conflicts in the course of coping

To choose the household as a production unit and as the proper governance structure in coping with crisis does not mean that this solution has no direct costs, or indirect and hidden social costs. On the contrary, the operation of these “natural” institutions involves huge costs which are indirect since they often can be postponed for quite a while and hidden since these costs are embedded into the everyday life and the deeply interiorized mores and customs of the family.

For example, the strength of tradition does not mean that the outcome necessarily is a sort of Paradise. The family can be also a prison for those who do not want to follow traditions. The household can be a cage for those who are forced to live together and have an inferior position in the pecking-order. The inter-household network can be a binding chain for those who find themselves little by little in the position of a client exploited by other “fellow network-members”. As a consequence, tradition-wise household production can increase intra-household tensions (among genders, cohorts and persons with different power and attitude towards the tradition).

Apart from its traditionality, from an organizational point of view, using family, household and inter-household networks as coping means involves huge social costs. There is a “spill-over” of tensions, uneasiness because of close monitoring and thorough evaluation, conflicts due to the lack of expertise, etc. Now, if we assume that the afore-mentioned side-effects of using family, household and inter-household network occur in the midst of a severe economic crisis and within a deteriorating environment, it is not surprising that intra-family tensions are growing, inter-household conflicts are rising — even if coping is successful.

In other words, household and inter-household networks are perhaps the most adequate coping means for ordinary households in coping with economic crisis but:

- due to their traditional character in the course of an individualistic (market-oriented) modernization;
- due to their spatial closeness in an opening society;
- and due to the very fact that they have been chosen under severe pressures as coping means will very likely multiply the chances of negative social consequences.

The danger that these negative side-effects occur increases with time. I would assume a strong and exponential association between the chances of having negative social consequences and time, i.e. the longer individuals are forced to use the household and inter-household network as coping means, the more likely some negative social effect is.

All in all, family, household and inter-household networks will have a growing role in the near future all over Eastern Europe as the best coping means within economic crises. But this empowering of the family and of the household threatens the very benefactors with huge social costs — unless the society and the state do not help these institutions to do their tasks without these malfunctions.

All the more so, since there are already some very visible negative signs that in Hungary the lasting and growing burdens on families and households destroy the two preconditions of the model, i.e. family oriented values and inter-household networks:

- the natural population change is negative for almost a decade — and except Bulgaria there is no other society with shrinking population;
- the life expectancy decreases for males — though the average life expectancy in Hungary is about five years less than the average in the affluent societies both among males and females;
- the rate of abortion and divorce is increasing and the society is getting older — not to mention other signs of deviant behaviour such as suicide (of which Hungary has the highest rate in the world), alcoholism and drug abuse (the former is high, the latter is increasing in all over Eastern Europe).

To minimize the negative consequences of the growing role of domestic production and inter-household transfers as coping means, there are two dangerous traps state and neither-state-nor-grassroots [e.g. Red Cross, dominant Church and large non-profit welfare organizations and major welfare-oriented foundations] should avoid. First, these organizations should not take for granted the existence of the household and inter-household network. And second, they should not exploit these institutions.

If we assume that once household start to produce care and service for themselves the dominant welfare actor (the state) will stop providing such services for the household then it will not hinder the household to act but could multiply the social costs of its activity. In the long run, negative social consequences could deteriorate the two preconditions of domestic production and inter-household transfers, and these institutions will no longer be able to serve as coping means.

As to the exploitation trap, it is especially the central state which can abuse households and inter-household networks to the extent that they collapse. The state can be especially tempted to plan with household and inter-household networks as the adequate (and — for the central budget — free of charge) solutions in coping with economic hardship, and in the meantime is withdrawing its resources under this pretext [Sik, 1988a].

To avoid the above-mentioned traps, it is a necessary but insufficient undertaking to help the household and inter-household networks operate. There are many development paths in which there is important role of household and inter-household network as spontaneous coping

means but which do not exploit households. The following non-exhaustive list (with no priority order) enumerate some of the actions that responsible state and neither-state-nor-grassroots actors could do to help the “self-empowered” households:

- technical development of domestic small-scale production by special loans or tax exceptions;
- facilitate inter-household and grassroots co-operation by special loans, local investment;
- organization and maintenance of service centres, local education services to increase the efficiency of domestic production;
- bettering housing conditions, special loans and in-kind benefits or exemption for household projects based on domestic labour and labour exchange;
- eaching practice-oriented home economics, and providing of special loans to put these ideas into practice.

Table 1. The frequency of coping means with inflation by the level of subjective well-being, %

To cope with the level of subjective well-being inflation we...	Very low	Low	Average	High
preserve food	74	79	81	62
consume less	72	72	66	46
postpone major purchase	59	64	56	42
self-produce food	58	64	60	33
work for extra income	57	50	58	57
self-repair car, house etc.	48	51	52	48
stop saving	44	57	46	26
buy more cheaply	41	49	53	50
make cloths for ourselves	40	39	36	35
live up the savings	33	34	29	22
hoard goods	20	26	33	25
work abroad	13	6	10	18
change jobs	13	10	13	20
sell valuable assets	11	8	7	12
invest into ventures	7	6	15	30
rent out something	6	6	7	9
buy stocks, bonds	4	6	14	30
buy treasures	3	5	8	22

Table 2. Participation in six economies, %

	Czechoslovakia	Bulgaria
Official economy (legal, monetized)	89	79
Social economies (non-monetized, legal)		
household production	69	79
help friend and relatives	47	48
Uncivil Economies (monetized, illegal)		
second economy	34	14
connections	57	40
foreign currency	29	18

Table 3. Frequency of coping means in coping with end-of-the-month liquidity crisis, %

	Hungarians		Transylvanian refugees
	1988	1989	1989
Borrowing from the network	2	28	37
Using savings	20	11	10
Less consumption	16	27	32
Asking for help from the network	14	19	7
Moonlighting	4	6	9
Selling something	3	3	3
Other (e.g. pawning)	1	6	2

References

Angelusz R., Tardos R. The Strength and the Weakness of Weak Ties // Values, Networks and Cultural Reproduction in Hungary / P. Somlai (ed.). 1991. No. 3. P. 7—24.

Banfield E.C. The Moral Basis of a Backward Society. N.Y.: Free Press, 1958.

Becker G. A Theory of the Allocation of Time // Economic Journal. 1965. Vol. 75. No. 299. P. 493—517.

Ben-Porath Y. Individuals, Families, and Income Distribution // Population and Development Review. 1982. Vol. 8. Supplement. P. 1—13.

Ben-Porath Y. The Three F-connections: Families, friends, and firms and the organisation of exchange // Population and Development Review. 1980. Vol. 6. No.1. P.1—30.

Boulding K.E. The Household as Achilles Heel // Journal of Consumer Affairs. 1972. No. 2. P. 110—119.

Braudel F. Civilisation matérielle, économie et capitalisme // Les structures du quotidien: le possible et l'impossible. T. 1. Paris: Librairie Armand Colin, 1979.

Bromley R., Gerry Ch. Casual Work and Poverty in Third World Cities. Chichester, Eng.; New York: Wiley John Wiley and Sons, 1979.

Burns S. The Household Economy. Boston: Beacon Press, 1975.

Caplowitz D. Making Ends Meet: How Families Cope with Inflation and Recession. Beverly Hills: Sage, 1979.

Chayanov A.V. The Theory of Peasant Economy / D. Thorner, B. Kerblay, R.E.F. Smith (eds.); with a foreword by T. Shanin. Madison, Wisconsin: The University of Wisconsin Press, 1986.

Dahrendorf R. Can We Combine Economic Opportunity with Civil Society and Political Liberty? // *The Responsive Community*. 1995. Vol. 5. No. 3. Summer. P. 13—39.

Employment Outlook. Paris: OECD. 1998. June.

Ethnic Communities in Business / R. Ward, R. Jenkins (eds.). Cambridge: Cambridge University Press, 1984.

Family and Work in Rural Societies / N. Long (ed.). L.: Tavistock Publications, 1984.

Friedmann H. Household Production and the National Economy: Concepts for the Analysis of Agrarian Formations // *Journal of Peasant Studies*. 1980. Vol. 7. No. 2. P.158—184.

Friedmann H. World Market, State, and Family Farm: Social Bases of Household Production in the Era of Wage Labor // *Comparative Studies in Society and History*. 1978. Vol. 20. No. 4. P. 545—586.

Galbraith J.K. Economics and the Public Purpose. Houghton Mifflin Co., 1973.

Gershuny J. After Industrial Society? L.: Macmillan Press, 1978.

Gershuny J. Social Innovation and the Division of Labour. Oxford: Oxford University Press, 1983.

Gershuny J. The Informal Economy: Its role in Industrial Society // *Futures*. 1979. February. P. 3—15.

Gershuny J. Time, Technology and the Informal Economy // *On Work: Historical, Comparative and Theoretical Approaches* / R.E. Pahl (ed.). Oxford: Basil Blackwell, 1988. P. 579—599.

Gershuny J., Pahl R. Britain in the Decade of the Three Economies // *New Society*, 1983. Vol. 3. January. P. 7—9.

Gershuny J., Pahl R. Work Outside Employment // *Informal Institutions* / S. Henry (ed.). N.Y.: St. Martins Press, 1981. P. 73—89.

Greenhalgh S. Income Units: The Ethnographic Alternative to Standardization // *Population and Development Review*. 1982. Vol. 8. Supplement. P. 70—91.

Győri P. Report on Homelessness // Social Report. Budapest: TARKI Budapest. 1990. P. 430—447.

Henry S. The Hidden Economy. L.: Martin Robertson, 1978.

Households and the World Economy / J. Smith, I. Wallerstein, H.D. Evers (eds.). Beverly Hills: Sage Publ., 1984.

Households Work and Economic Change: A Comparative Institutional Perspective / J. Wheelock, A. Mariussen (eds). Boston: Kluwer Academic Publ., 1997.

Humphries J. Class Struggle and the Persistence of the Working-Class Family // Cambridge Journal of Economics. 1977. Vol. 1. No. 3. P. 241—258.

Informal Institutions / S. Henry (ed.). N.Y.: St. Martins Press, 1981.

Jahoda M., Lazarsfeld P.F., Zeisel H. Marienthal — The Sociography of an Unemployed Community. L.: Tavistock Publ., 1933.

Lewis O. Tepoztlan: Village in Mexico. N.Y.: Holt: Rinehart and Winston Inc., 1960.

Lomnitz L. Networks and Marginality: Life in a Mexican Shantytown. N.Y.: Academic Press, 1977.

Mars G. Cheats at Work. L.: Unwin Paperbacks, 1982.

Minge-Kalman W. The Industrial Revolution and the European Family: The Institutionalisation of the “Childhood” as a Market for Family Labor // Comparative Studies in Society and History. 1978. Vol. 20. No. 4. P. 454—468.

Morokvasic M. Yugoslav Refugees, Displaced Persons and the Civil War // REFUGE. 1992. Vol. 11. No. 4. P. 3—6.

Netting C.R., Wilk R.R., Arnould E.J. Households. Berkeley: University of California Press, 1984.

Pahl R.E. Divisions of Labour. Oxford: Basil Blackwell, 1984.

Pahl R.E., Claire D.W. Household Work Strategies in Economic Recession // Beyond Employment: Household, Gender and Subsistence / N. Redclift, E. Mingione (eds). Oxford: Basil Blackwell, 1984.

Pollack R.A. A Transaction Cost Approach to Families and Households // Journal of Economic Literature. 1985. Vol. 23. P. 581—608.

Sik E. From Second to Informal Economy. Lecture at the Harvard University. Center for European Studies. 1992 [Manuscript].

Sik E. New Trends in the Hungarian Welfare System — Towards “Self-Welfarization”? // Shifts in the Welfare Mix / A. Evers, H. Wintersberger (eds). Wien: EUROSOCIAL, 1988a. P. 281—296.

Sik E. Reciprocal Exchange of Labour in Hungary // On Work: Historical, Comparative and Theoretical Approaches / R.E. Pahl (ed.). Oxford: Basil Blackwell, 1988b. P. 527—547.

Sik E. “The Eternity” of an Institution for Survival // Innovation. 1988c. Vol. 1. No. 4/5. P. 589—624.

Sorokin P. Man and Society in Calamity. N.Y.: E.P. Dutton, 1942.

Sorokin P. The Crisis of Our Age: The Social and Cultural Outlook. N.Y.: E.P. Dutton, 1941.

Trade and Market in the Early Empires / K. Polanyi, C.M. Arensberg, H.W. Pearson. Glencoe: Free Press, 1957.

Wallerstein I. Household Structures and Labor Force Formation in the Capitalist World Economy // Households and the World-Economy / J. Smith, I. Wallerstein, H.-D. Evers (eds.). Beverly Hills: Sage Publ., 1984. P. 17—22.

Wallman S. Ethnicity at Work. L.: Macmillan Press, 1979.

Wellman B., Berkowitz S.D. Social Structures: A Network Approach. Cambridge: University Press Cambridge, 1988.

Contents

Definitions of the household	3
“Eternity” of the household	4
“Forced” family empowerment in the course of post-communist transformation	8
Why will households and inter-household networks strengthen in coping with economic crises?	11
Social costs and conflicts in the course of coping	15
References	20

Sik E.

Family, Household and Inter-household Network Coping with Economic Crises = Шик А. Семья, домохозяйство и сети межхозяйственных отношений в период преодоления экономических кризисов : Препринт WP4/2002/02. — М.: ГУ ВШЭ, 2002. — 26 с.

В современной литературе по экономической социологии отмечается своеобразный ренессанс исследований домохозяйства. Автор предлагает краткий обзор подходов к его изучению. На примере трансформации посткоммунистических обществ (преимущественно стран Восточной Европы) он пытается ответить на вопросы о том, почему происходит укрепление домохозяйства и сетей межхозяйственных отношений в периоды преодоления кризисных ситуаций в экономике и какой объем транзакционных издержек несет на себе домохозяйство как институциональная единица.

УДК 316.3
ББК 60.56

Препринт WP4/2002/01
Серия WP4
Социология рынков

Шик Андрэ

**Семья, домохозяйство и сети межхозяйственных
отношений в период преодоления экономических кризисов**

(на английском языке)

Публикуется в авторской редакции
Ответственный за выпуск *Е.А. Рязанцева*
Оформление серии *А.М. Павлов*
Корректор *Е.Е. Андреева*
Компьютерная верстка *О.А. Корытько*

ЛР № 020832 от 15 октября 1993 г.
Подписано в печать 06.02.2003 г. Формат 60×84 ¹/₁₆. Бумага офсетная.
Печать трафаретная. Гарнитура Таймс. Тираж 150 экз. Уч.-изд. л. 1,4.
Усл. печ. л. 1,51. Заказ № 17. Изд. № 281

ГУ ВШЭ. 125319, Москва, Кочновский проезд, 3
Типография ГУ ВШЭ. 125319, Москва, Кочновский проезд, 3

Notes

Notes
