



**FAMILY, HOUSEHOLD AND INTER-HOUSEHOLD NETWORK TO COPE WITH  
ECONOMIC CRISIS (THE "SELF-EMPOWERED HOUSEHOLD")**

by

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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 for some years impoverishment, economic insecurity, decreasing living standards. How will 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? Will deteriorating economic conditions tear the household into pieces, destroy the family and turn society into a chaos of egotistic individuals feeling loyalty only to themselves and to non-family organizations such as peer groups, gangs, parties, churches, sects etc.? Or will family bonds, household units and inter-household networks strengthen as the most proper coping institutions in economic crises?

My tentative answer to the questions is that in Eastern Europe (1) for the majority of the population, (2) both household and inter-household network will be **strengthened** by the economic crises, but not without huge **social costs** and not without lasting **conflicts**.

There are two preconditions that should exist to prove my hypotheses. First of all traditional family oriented values should remain intact and, secondly, the inertia of inter-household network should remain great. There are several empirical proofs showing that these preconditions are widely existing and influential.

In the paper I chose the transactional cost approach as the theoretical framework to argue with on behalf my thesis.

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

However, 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 and indirect and hidden social costs. On the contrary, the operation of these "natural" institutions involve huge costs which are indirect since 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.

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.

Endre Sik: Family, Household and Inter-household Network to Cope with Economic Crises1 (The "Self-empowered Household")

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 for some years impoverishment, economic insecurity, decreasing living standards. Even in Hungary - a country which used to be the "jolliest barrack in the camp" during the 1970ies and 1980ies and at least for the time being could escape the ghost creeping around in Eastern Europe, aggressive nationalism and separatism - the inflation is as high as 25-40%, the level of unemployment is above 9% and still fastly increasing and the standard of living has been decreasing for almost a decade.

How will 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? Will deteriorating economic conditions tear the household into pieces, destroy the family and turn society into a chaos of egoistic individuals feeling loyalty only to themselves and to non-family organizations such as peer groups, gangs, parties, churches, sects

1The term crisis is used with very different meanings in social sciences. For a liberal or neoclassical economist crisis can be an economic breakdown, a rapid change in currency rate or an upheaval on the stock market. For a Marxist economist it is an acceleratively growing gap between the mode of production and the social system. For a political scientist crisis means discontinuity in the political system, very often a violent event which makes the former political system collapse.

Contrary to the aforementioned macrolevel examples for a psychiatrist or a psychologist crisis is a situation in which Ego's mental health is endangered.

I use the term crisis to label situations in which households' livelihood is threatened. As for the depth of the threat I deal with "in-between" situations where on the one hand it is not the physical survival which is in question (like in disaster studies), but on the other hand the situation and its expected outcome is worse then a simple "trouble" in everyday life (such as a passing illness or a temporary economic hardship).

etc.? Or will family bonds, household units and inter-household networks strengthen as the most proper coping institutions in economic crises?

### Propositions

In the literature one can find supporting 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 from Mexico to Italy (Lewis 1960 and Banfield 1958), from the calamity concept<sup>3</sup> 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. An anthropologist (Lomnitz 1984) described in the shanty-town of Mexico City how the value of

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<sup>2</sup>Since in the presentation I focus on the economic behaviour of families, I'll use the term household more often. In this way I'd like to emphasize the reproductive and socialization functions and the importance of spatial closeness and common economic interests a bit more (Netting-Wilk-Arnauld 1984). The family in this presentation appears as the target of an existing value system and as the typical organizational form of household in contemporary Eastern Europe i.e. the nuclear family household. (Figure 1).

As to the notion of inter-household network, taking the point of structural analysis (Wellman E.-Berkowitz S.D. 1988) I emphasize the role of networks as a crucial element of social behaviour in general and in economic behaviour in particular.

<sup>3</sup>Analysing the social outcomes of four different types of calamities (war, revolution, pestilence and famine) Sorokin concludes that above a certain level of destruction the elementary social bonds of the society fall into pieces i.e. the "everyone for itself" rule overcomes family values.

confianza can be strengthened in utmost poverty and how heroically women could struggle for survival having been left without male "provider". A survey in the U.S.A. in the early 1970ies showed that the poor in an urbanized and marketized society rely on 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 (Csajanov 1966, 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, Smith-Wallerstein-Evers 1979).

Despite their entirely different political background, these two "school" offer solid theoretical bases to understand the structural reasons why households and inter-household networks are likely able to remain intact in economic crises and prove to be a proper coping means for the individuals hit by economic crises.

### Hypotheses

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

### Why only for the majority?

In the first part of the preceding hypothesis I insist that the strengthening of the household in coping with economic crises will not be the only response on the changing economic situation. And not only because no social trend exists without exceptions but because on the one hand there are households who do not suffer or even benefit from the worsening of the macroeconomic conditions, on the other hand to have the household and the inter-household network to cope with economic troubles one has to have a household to live in and an inter-household network to count on.

As column 3 and 4 in Table 1 shows that even those who suffer the least or not at all from inflation have the same coping strategies than those of facing severe problems to get by but less frequently and combining them 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 manage to maintain its former standard of living.

As to the "lower" limit of my analysis, there are already several groups of individuals lacking access to household and to inter-household networks (e.g. orphans, the homeless, migrants and refugees, etc.).

Only in Romania - as a result of the anti-abortion law during the Ceausescu regime - there are about 130000 orphans in 600 orphanages (G 1 K. 1991).

As to the volume of homelessness, in 1980 based on the census in Hungary there was about 200 000 homeless (including those living in substandard housing) and in the past some years this figure has very likely multiplied due to decreasing social housebuilding, increasing rents, privatization of workers' hostels and the fiscal crisis of the post/prison and post/orphanage social work (Gyri 1990).

Finally, Eastern Europe as a volcano seems to be close to erupt again - the last time around the turn of the century - and send hundred thousands of migrants to the West. In Hungary there are about 8 000 refugees, some tenthousand migrants and hundred thousands of illegal guest workers (Sik 1992a)<sup>4</sup>. 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 for decades multi-ethnic families have been formed 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 (S.E.) where I thought I would be better accepted but where I was an "Ustasha<sup>5</sup> Croat". (Morokvasic 1992).

<sup>4</sup> Very likely in Serbia, in Croatia and in Bosnia and all over in the former Soviet Union due to the civil wars there are a growing number of orphans and refugees.

<sup>5</sup>The name of the Croatian fascist organisation in the II. World war.



Moreover there are always social groups choosing non-household type coping behaviour<sup>6</sup> e.g. individualistic types such as suicides, drug abusers and collectivists such as skinheads and other gangs, sects and cults - all existing and are even growing as coping alternatives in contemporary Eastern Europe<sup>7</sup>.

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

There are two preconditions that should exist to prove my hypotheses. First of all traditional family oriented values should remain intact and, secondly, the inertia of inter-household network should remain great.

There are several empirical proofs showing that these preconditions are widely existing and influential. 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<sup>8</sup>. A recent survey on a

<sup>6</sup>Mlinar (1986) describes the following types of local responses to economic crisis: Active responses (such as moonlighting, self-help, barter, protest, revolt, strike), restrictive responses (such as diminishing consumption, fewer children, lower quality food, exchange of larger for smaller apartments) and destructive responses (such as youth delinquency, alcoholism, mental illness, suicide).

<sup>7</sup>The number of drug abusers and the membership in different sects and cults increases all over Eastern Europe. Skinhead, neofascist and other ultra-rightwing movements are getting stronger from Germany to Romania. The former second economy of the Eastern European socialist societies are turning into an underground-black type informal economy (Sik 1992b).

<sup>8</sup>However, tradition in Eastern Europe in fact is a mixture of different traditions - just as these societies consist of several quite different cultural and social groups. The entirely different traditions of the peasant society, of the Jews, of the ruling elite, of the lower middle class all emphasize the role of family and inter-household network as basic value and as the "proper" coping means with whatever the purpose of the household's action could be e.i. survival, small scale production, social mobility, accumulation or reconversion of capital, etc.

representative sample of Hungarians shows that 86% of the population sends greeting cards at Christmas or New Year time, the average number of such contacts is 11 and the 46% of the sample estimated that the size of their personal acquaintances is above 1000 (Angelusz-Tardos 1991).

As to the role of households as economic units, as Table 1 and 2 indicate domestic production is one of the most widely used coping means with inflation - even among those who hardly suffer from it, i.e. it is much more than an ultimate resource.

Reciprocal exchanges among households have been also of great importance in Hungary just as in other parts of the world in case of crises (Sik 1988a, Sik 1988c). 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 (whether reciprocal help or "petty corruption") are of great importance to making ends meet.

However, I would not exaggerate the role of tradition in maintaining family oriented values and the inertia of inter-household network. 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 1988a).

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 the inter-household networks being very much existing 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 organization) have been constrained for economic and political reasons in the past decades (Sik 1988b).

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

Provided that the proofs of the existence of the two preconditions were convincing I can proceed to 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 argue with on behalf my thesis.

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, emotionally loadedness, personalized relations and stability) cannot change its size, "manpower" composition, 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 disadvantages and advantages 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 fellow-household members since they also know one's Achillean point (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 need of the household as a production unit (non-permeable boundaries, small size and 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.

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 household members can anticipate inheritance, dowry, defense 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, since all household member to some extent control themselves because of the anticipation of the long term material interest, because of family pride and because of the "We-consciousness" i.e. because of 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 using the transactional cost approach paradigm, I assume that in Eastern Europe (and among those households which have to and are able to cope with inflation) the household and the inter-household network will be strengthened in the course of transition because their advantageous aspects overcome their disadvantageous ones.

Should the two preconditions of the operation of household and inter-households network be met, these two institutions 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 involve no costs (establishing them, learning and teaching how to use them, searching for them). The costs of operation, of organization, of monitoring and of evaluation are also very low in these cases due to their structural characteristics (as we have seen in the preceding paragraphs). There is no surprise that coping with inflation is widely done by household and inter-household means both in Hungary and in other Eastern European countries (Table 1 and 2). Coping with end-of-the-month liquidity crisis is also often done via inter-household networks (Table 3).

The transactional cost approach offers some explanations why do households choose domestic work and inter-household transfers so frequently in coping with crisis<sup>9</sup>:

- Loyalty to the family tends to increase when hard times are around and the same is true in regard with inter-household networks. However, I accept Sorokin thesis that depending on the length, on the depth and on the level of unexpectedness of the crisis there is a limit to this reaction (Sorokin 1941, Dirks 1980). In other words, this "hedgehog" reaction does not work when the level of crisis exceeds a certain level. Due to the increasing level of loyalty to the family household-centred production becomes a preferable option to cope with (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 household increases, the economies of scale becomes 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 trend could increase the efficiency of the production and decrease the chance of conflicts.

- For a very long time in 1990 the level of outmigration from urban Hungary was more than the inflow (Figure 2). The growth of the rural population could contribute to the increase of household production (the village traditionally is more family-oriented than the

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<sup>9</sup>Two remarks in regard with the limits of the transactional cost approach in this analysis. In the first place, the transactional cost approach emphasises the lack of economies of scale and of efficiency of domestic production. In the course of "troubleshooting" or in coping with crisis these economic aspects of no or of only a very limited importance in evaluating the role of households and of inter-household networks.

Secondly, the transactional cost approach focusing solely on the individual household ignore the role of inter-household networks, an institution which can soften the obstacles of domestic production to a very high extent (greater labour pool, more diverse human capital stock, more flexibility in organizing and timing domestic production, decreasing the negative effects of spill overs, etc.

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 to cope with since neither the market nor the state offer any better option.

The market as an alternative is less and less a real option for needy households since prices are increasing while their efficient demand decreasing. As to the state sector, since the mid-80ies the state run welfare system has been shrinking (Sik 1988b) 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 but quite different to that of the gershunyian one. (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 and indirect and hidden social costs. On the contrary, the operation of these "natural" institution involve huge costs which are indirect since 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 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 intrahousehold 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 are "spill-over" of tensions, uneasiness because of close monitoring and of thorough evaluation, conflicts due to the lack of expertise etc. Now, if we consider 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 there is not much surprise that intrafamily 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 proper coping means for ordinary households in coping with economic crisis but

- their traditional character in the course of an individual oriented (market and americanization) modernization,
- their spatial closeness in an opening society,
- the very fact that they have been chosen not upon free will but under severe pressures as no-better-alternatives will very likely multiplying the chances of having negative social consequences.

The danger of the occurrence of these negative side-effects 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 the inter-household network as coping means the more likely there will be some negative social effect.



### Conclusion and policy implications

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.

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. As Figure 3, 4 and 5 show

- 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 of the affluent societies both among males and females,

- the rate of abortion and of divorce is increasing and the society is getting older - not to mention other signs of deviant behaviour such as suicide in which Hungary has highest rate in all over 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<sup>10</sup> and neither-state-nor-grassroots

<sup>10</sup>In the following the term state covers both the nationwide institutions of all sorts (i.e. central budget, social security, health and education authorities on ministerial level, Parliamentary committees, etc.) and local authorities (i.e. local councils, the

(e.g. Red Cross, dominant Church and large non-profit welfare organizations and major welfare-oriented foundations) should avoid<sup>11</sup>. In the first place these organizations should not take for granted the existence of the household and inter-household network and, secondly, they should not exploit these institutions.

Taking for granted domestic production (including care and service) means that the dominant welfare actors ignore the household. According my previous arguments it will not hinder the household to act but could multiply the social costs of its activity. On the long run the negative social consequences could deteriorate the two preconditions of domestic production and inter-household transfers and these institutions will cease to be able to serve as coping means anymore.

As to the exploitation trap, it is especially the major welfare actors can lean on households and inter-household networks to the extent that they collapse. The state can be especially tempted<sup>12</sup> to plan with household and inter-household networks as the proper - and for the central budget free of charge - solutions in coping with economic hardship and in the meantime withdrawing its resources under this pretext (Sik 1988b).

To avoid the aforementioned traps is a necessary but insufficient deed to help the household and inter-household network to operate. There are many ways which count with the role of household and inter-household network as spontaneous coping means and minimize the social costs of their activity i.e. neither ignoring nor exploiting them. The following non-exhaustive list (with no order of importance) enumerate

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 local agencies of nationwide bureaucracies, etc).

<sup>11</sup>In this respect market (for-profit) actors are not covered of the analysis since there is no theoretical model in which these units of the society would be considered as having any responsibility to serve as coping means for the individuals.

<sup>12</sup>Market exploitation can be increased by incorporating household production e.g. sharecropping, home working, informalization of the production, non-paid reproduction cost of the labour etc.

some of the actions responsible state and neither-state-nor-grassroots actor could do to help the "self-empowered" households:

- technical development of home based industries and domestic small-scale production in general by special loans or tax exceptions to invest,

- facilitate inter-household and grassroots co-operation by special loans, local investment,

- 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,

- teaching practice oriented home economics and special loans to put these ideas into practice.

From the examples above I hope the Reader understand that I have no Third Road (neither market nor state) short-sightedness, I cannot imagine (nor do I think that such a society would be more just, happy or efficient than any existing one) a domestic production-centred society (a sort of super oikos a la Polanyi). But I do think that the family-household-inter-household complex has a sort of "self-powerment" potential in Eastern Europe and with some help this can be maintained and its unavoidable negative social costs can be minimized.

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Appendix

Table 1. The frequency of coping means with inflation by the level of subjective well-being<sup>13</sup> (%)

To cope with inflation we...	The level of subjective well-being			
	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

<sup>13</sup>The survey was done in Oct 1991 on a representative sample of 1000 individuals in Hungary.

The question concerning the coping means with inflation reads as follows: People have developed different mechanisms to cope with inflation. Please select from the cards the ones that contain the coping means you usually use to cope with inflation.

The question concerning the level of subjective well-being was the following: To cover your everyday expenses from your income usually

- you have no problem at all
- it goes fairly well
- you can hardly make it
- you have severe and perpetual problems

Table 2 Participation in Six Economies<sup>14</sup> (%)

	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

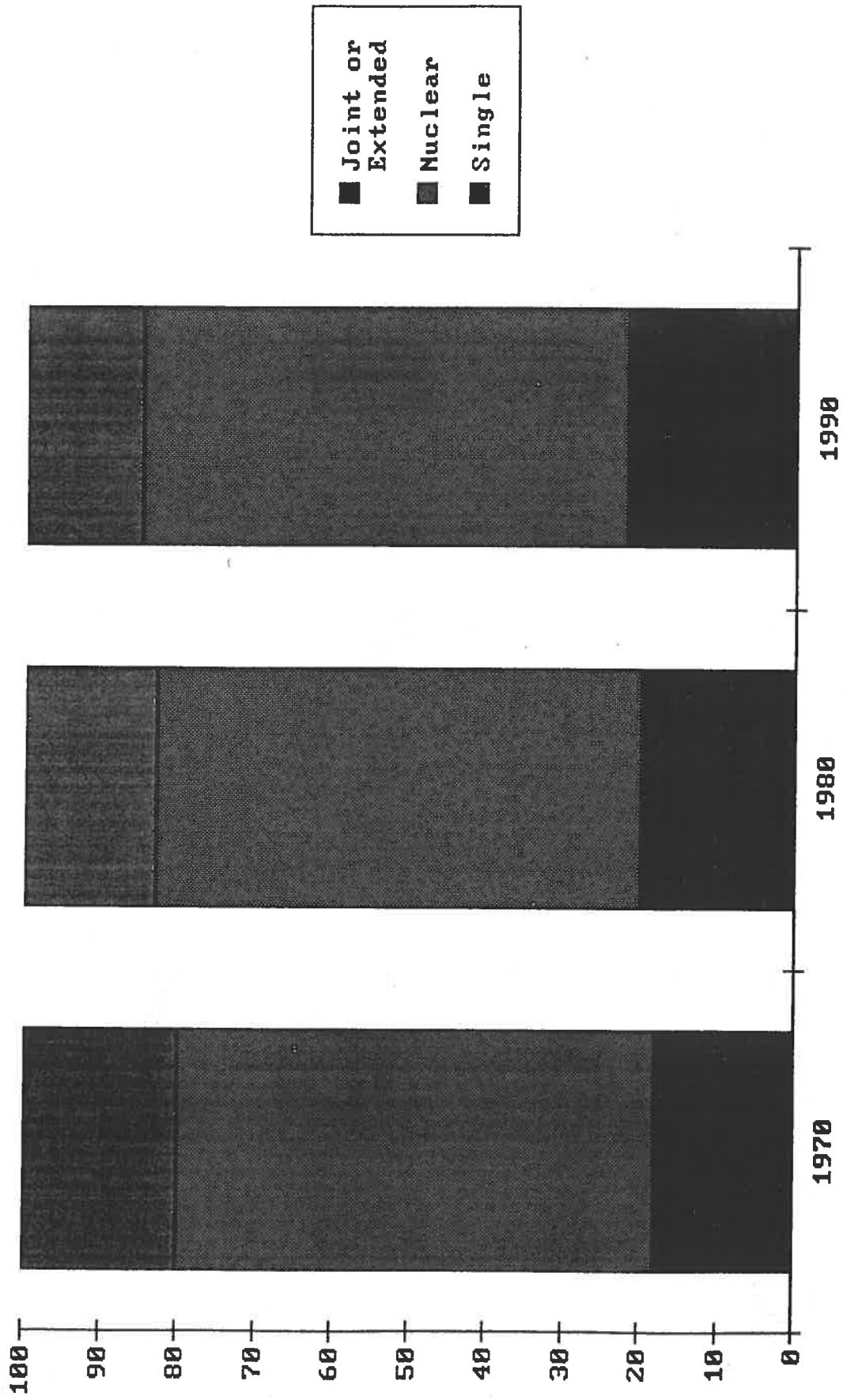
Table 3 Frequency of coping means in coping with end-of-the-month liquidity crisis<sup>15</sup> (%)

	Hungarians		Transylvanian refugees
	1988	1989	1989
Borrowing			
from the network	42	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

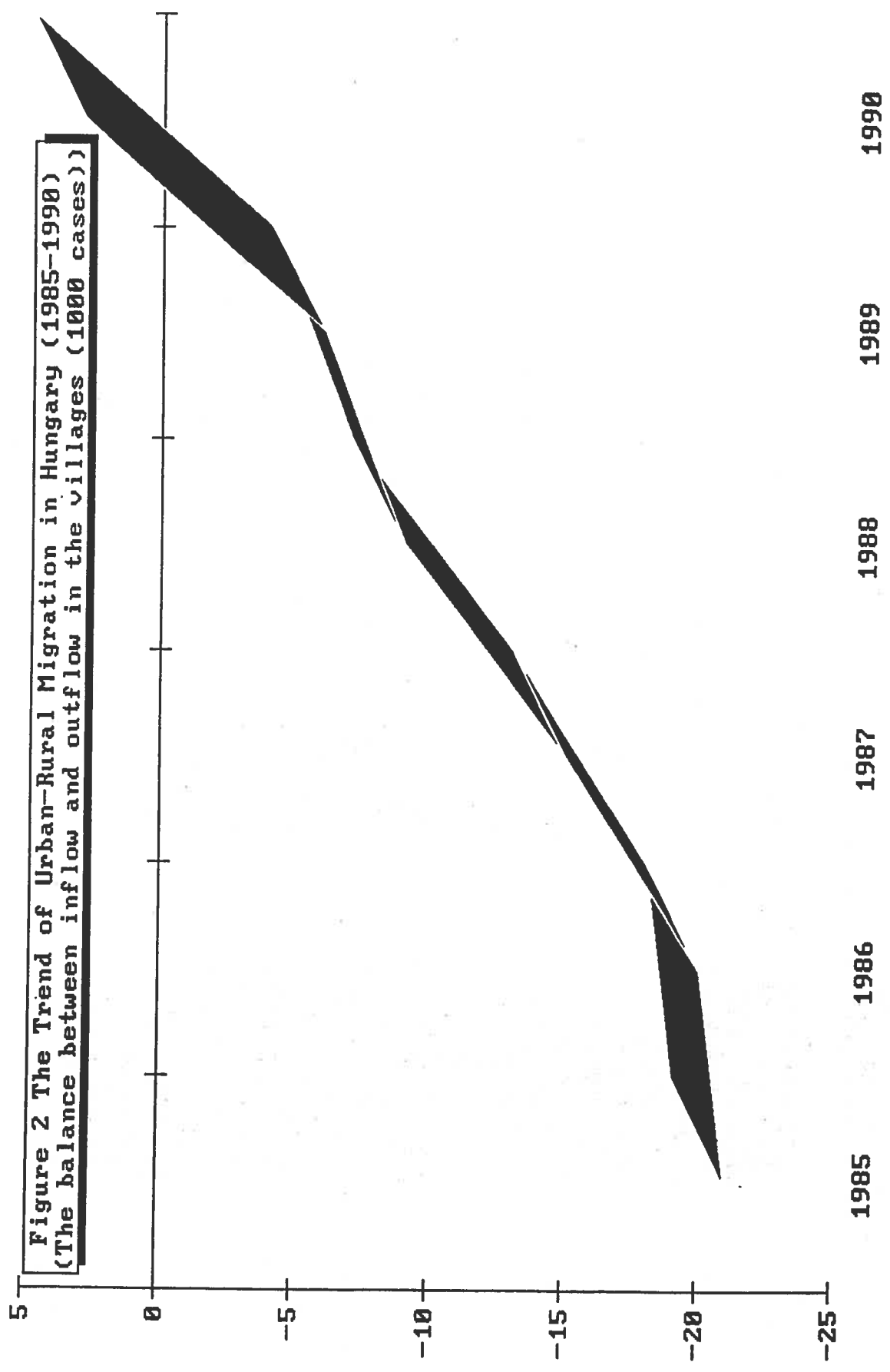
<sup>14</sup>Source: Rose (1991), both surveys were conducted in 1991 on representative samples (N=1651 and N=1284 in Czechoslovakia and Bulgaria, respectively).

<sup>15</sup>Among those who faced with end-of-the-month liquidity crisis at least once a year.

Figure 1 The Composition of Households in Hungary (1970-1990) (%)

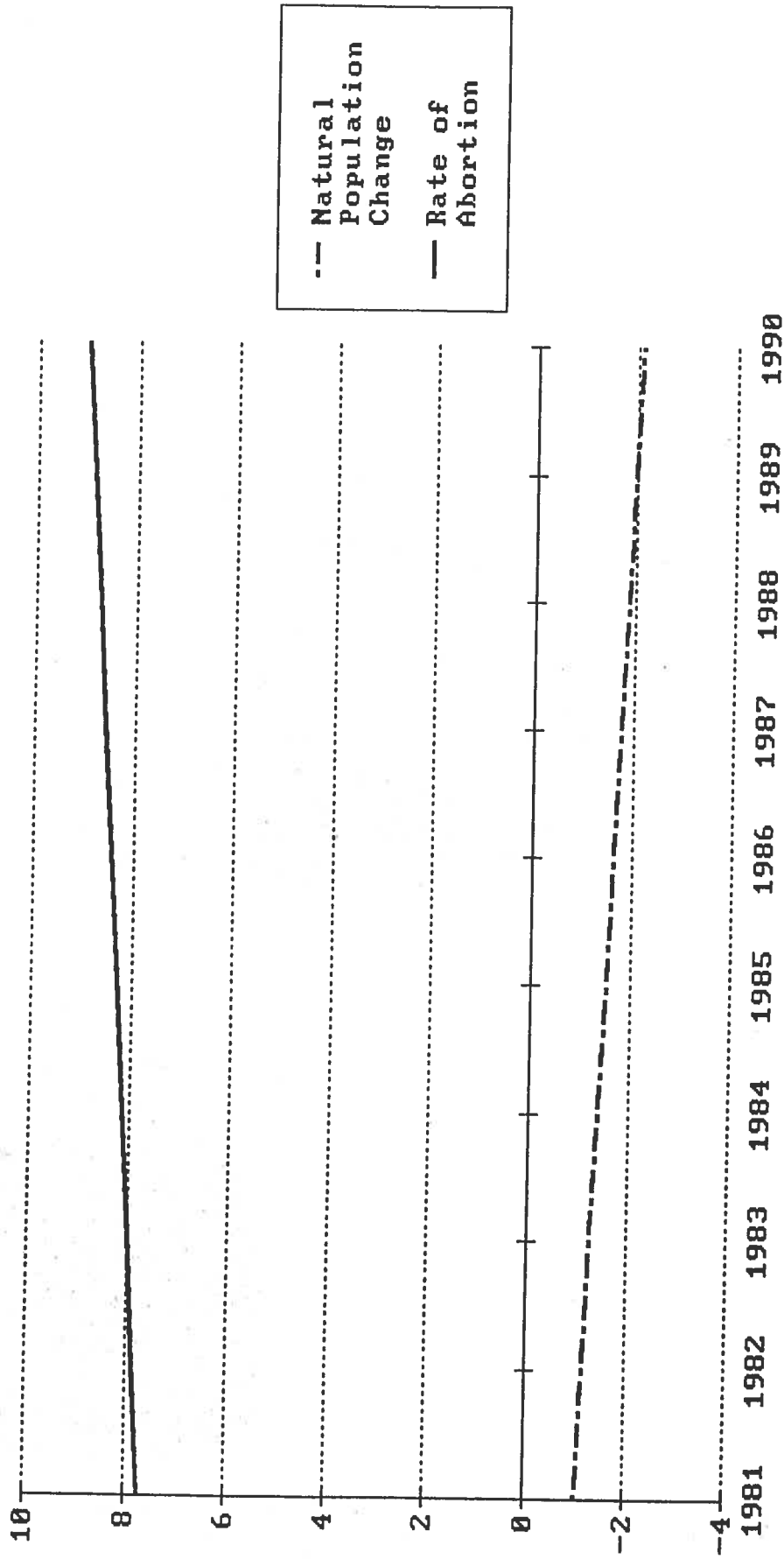






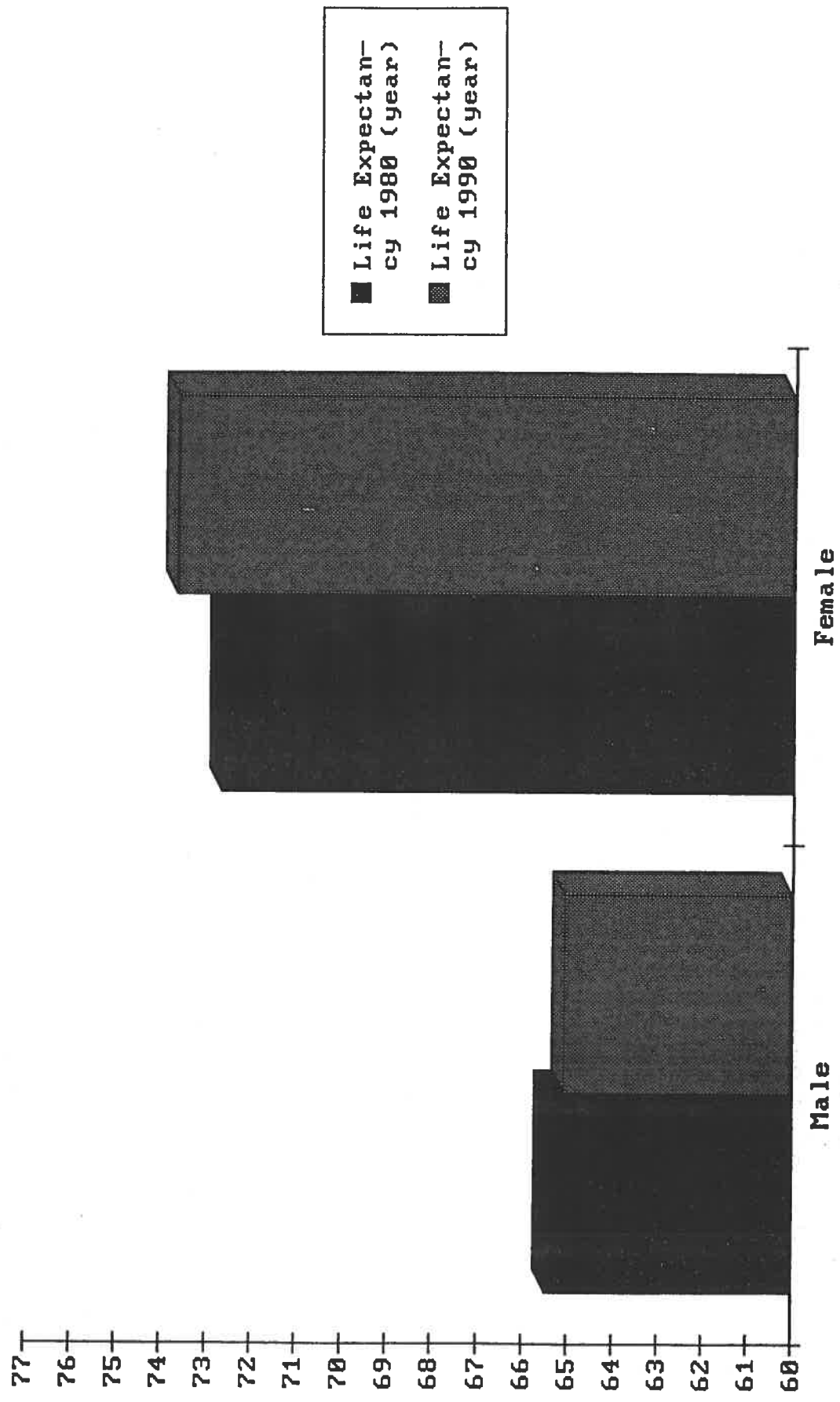
**Figure 2 The Trend of Urban-Rural Migration in Hungary (1985-1990)**  
 (The balance between inflow and outflow in the villages (1000 cases))

**Figure 3 The Trend of Natural Population Change and of Abortion in Hungary (1981-1990) (Linear Regression)**



Natural Population Change = # of birth - # of death,  
 Rate of Abortion = #/100 pregnancy

**Figure 4 Life Expectancy in Hungary by Gender in 1980 and 1990**



**Figure 5 Proportion of 60- years old and of Divorcee in Hungary in 1980 and 1990 by Gender.**

