

Work, Worth, and Justice in a Socialist Mixed Economy

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Ethnographic field research over a five-year period with a semiautonomous subcontracting unit in a Hungarian factory provides the basis for the study of problems of worth and justice. From 1983 to 1988, the members of this team worked in the regular hours as employees for wages and benefits in the bureaucratically organized enterprise. In the afternoons and on weekends they worked in a "partnership" in which the organization of work and the allocation of the group's earnings were decided at the discretion of the membership. The work partnership thus provides a natural laboratory for exploring the most basic element of any economy—the problem of comparing the value or the disparate activity of particular individuals when there is no naturally existing basis for making this comparison. The analysis presents an alternative path to the study of processes of evaluation and justification which is neither the hyper-rational, theoreticist world of rational choice theory nor the irrational or arational world of norms, attitudes, and sentiments of the traditional sociological study of values.

In Hungary, a second economy is growing so vigorously in the shadows of the central plan that we can begin to speak meaningfully about the prospects of a socialist mixed economy. In their daily lives millions of Hungarians are mixing experiences in a variety of economic forms: the engineer who works for a socialist firm during the day and drives a private taxi at night, the worker who assembles motorcycles during the week and moonlights plastering walls during the weekends, or the kolkhoz peasant who intensively cultivates strawberries for the West European market in the plastic-covered hothouse on his private plot are all part of the second economy where, according to recent official estimates, one third of all labor time in the national economy is expended and three of every four households earn some additional income.

The idea of a mixture of economic mechanisms in a reformed socialist economy has a long legacy: for nearly three decades economists in Eastern Europe have debated the question of the correct proportions for a harmonious mixing of plan and market within the socialist sector. In recent years, however, the critical public policy question in Hungary concerns not the relative weight of planning versus markets in the coordination of socialist enterprise but the relative weight of public versus private sectors in the overall national economy. Emerging from this debate (and stimulated by the pressure of millions of partial "exits" from the socialist sector such as those described above) has been an intermediate property form combining public ownership and private initiative. In this organizational innovation, "the enterprise work partnerships" (vállalati gazdasági munkaközösségek, or VGM), groups of workers organize semiautonomous subcontracting units to produce goods or services on their off hours using factory equipment. Today, every tenth blue collar worker in Hungarian industry live this mixture of organizational forms -- as wage laborer in the socialist enterprise and as participant in the self-governing partnership.

In an earlier paper,¹ I analyzed the partnership subcontracting form as a new collective mechanism through which key segments of Hungarian industrial workers can valorize their skills. Key workers could be seen to pool their individual property in

¹ "Coexisting Organizational Forms in Hungary's Emerging Mixed Economy," in Victor Nee and David Stark, eds., Remaking the Economic Institutions of Socialism. Stanford: Stanford University Press, 1989.

diverse forms of "capital"-- human capital (technical skills), social capital (contacts and connections), and political capital (positions in the party or trade union organizations)-- in a specific institutional device (the VGM) through which they could receive a higher rate of return than through the "normal" selective bargaining in the regular hours.²

A major limitation of this initial analysis, however, was that it failed to pursue the more interesting and problematic implications of seeing the partnership as a collective mechanism to valorize skills. If we take seriously the idea that the partnership is a pooling of diverse forms of "capital", we must examine how these diverse assets can be compared, translated, converted one into the other in the making (and continued re-making) of the group. Thus, alongside the process of valorization of skills or of any form of capital, we are led to examine the process of evaluation through which the transactive activity of exchange takes place. The work partnership provides a fascinating laboratory for exploring the most basic element of any economy-- the problem of comparing the value, the worth, the contribution, of the disparate activity of particular individuals when there is no naturally existing basis for making this comparison.

The following pages analyze the dynamics of one such natural experiment examined through interviews and observations during the summer of 1984, the Winter-Spring of 1985, and the fall of 1986 in collaboration with János Lukás, an industrial sociologist at the Institute of Sociology of the Hungarian Academy of Sciences. This ethnography forms part of a larger study (including eighteen such subcontracting units) of the emergence of a mixed economy in Hungary.

The VGM in question operates in a firm we shall call "Minotaur", one of the ten largest enterprises in Hungary with over 10,000 employees working in some eight factories (six in a contiguous location in Budapest and two others in provincial cities). Minotaur primarily manufactures rubber products (many types of tires, rubber fittings, etc.) for the domestic market (on which it enjoys a virtual monopoly position). It also exports a sizable volume of its production (tires, but also off-shore drilling pipeline, and other products including machine tools) mostly to other socialist countries in the COMECON market. Since 1979, the firm has been under pressure to increase its hard currency sales on the capitalist market.

² The ad hoc shadow bargaining of the shop floor is "selective" both because certain issues are excluded from negotiations and because not all workers are included in its benefits. On the affiliative character of selective bargaining and the classificatory character of collective bargaining see David Stark, "Rethinking Internal Labor Markets: New Insights from a Comparative Perspective." American Sociological Review, 1986, vol 51. (August: 492-504).

The partnership members work in a unit of Minotaur's Machine Factory which produces equipment used in fabricating various rubber products both for the domestic market and, occasionally, for export. This unit employs approximately 120 workers and 15 engineers. The VGM partnership is composed of eighteen highly skilled workers--machinists working on large and often complex equipment (planing and milling tools, lathes and horizontal drills) and machine builders constructing and calibrating the finished machines from the pieces tooled by machinists. 15 of the VGM members are in skill grade 61, the highest designation for a manual worker. The remaining three are at skill grade 51, the next highest designation. Most of the members are between 35-45 years of age. Two of the members are about 55, several are in their early 30s. At the time of its founding in January 1984, the group contained no managerial personnel and no engineers; only one worker in the group is a party member.

During regular hours, these workers are paid time wages (i.e., they are not working in a piece-rate system). In addition to wages for the regular eight-hour day, these workers also perform a considerable number of hours each month in obligatory and voluntary overtime (sometimes as much as 60 hours of overtime in a one month period). They are occasionally also compensated through various forms of "moving wages" and goal premia, for example, bonuses in which the worker receives a fixed sum for performing a special task.

In its subcontractual arrangements with the firm, the tool-making VGM in the machine shop at Minotaur makes contracts, bargained through its elected representative, to produce complete machines for which they are paid an "entrepreneurial fee" as a group. That is, in their VGM hours the members of the group are not working on tasks individually assigned by shop management. Having made a contract to produce a machine, the VGM members themselves decide on the organization of work and the distribution of the group's earnings among the participating members. In 1984, in addition to their regular, overtime, and moving wages, the members of this tool-making group averaged a yearly net personal income of 49,250 forints from the VGM. In 1985, this figure fell to 35,850 forints. For a baseline comparison, the average yearly income of manual workers in Hungarian industry was approximately 60,000 forints in 1984. In other words, over and above their earnings from the main job, the partner added VGM incomes equal to about two-thirds of an average worker's income.

The work partnership arrangement allows us to examine evaluative practices in a situation in which a group of workers -- using the same technology and in the same physical setting -- are producing in two different forms of

organization. This organizational innovation established by legislation in 1982 also provides a case to study the process of institutionalization in a situation where there was no organizational form (format, formula, template) in pre-existing official codes or cultural taken-for-granted that was the clearly institutionalized model around which a group could be made. On the other hand, formulas and codes abound -- from the "regular hours" and from the "second economy." The work partnership was a new possibility into which the Minotaur tool-makers did not walk empty-handed but to which they brought the habits, dispositions, and evaluative tools of their practical knowledge. We shall see that they invented, tinkered with, and borrowed from other organizational forms; and that through the group they created to prove their worth and confirm their identities they learned new evaluative practices that produced new identities.

In Part I we examine how the Minotaur tool-makers attempt to renegotiate the terms of agreement between themselves and their bargaining partner, the socialist enterprise. Through the partnership they attempt not simply to raise the level of remuneration but to confirm its justification on their own terms, in their own code, and by a proof within their own concrete ideas. In Part II we see how this proof has consequences for the terms of the agreement among the partnership members themselves as the demonstration of collective worth leads to new problems in the evaluation of individual contributions. Having examined issues of "comparable worth" as problems of comparability across social groups within the enterprise (Part I) and problems of comparability among individuals within the partnership (Part II), in Part III we examine the problems of the comparability of worth across "economies" as we see individual and collective efforts to maneuver among competing and coexisting criteria of worth. These criteria have a degree of institutionalization bound to the relatively distinct "economies" in the firm (as in the society); yet their bearing in any given situation exists only through their enactment in the practical activity of evaluation. Moreover, these economies are not spatially or temporally bound; that is, whether the operative evaluative practices shall be, for example, those of the market, of

redistribution, or of reciprocity is precisely what is at stake (with this very ambiguity itself a potential resource) as the partnership shows, even in the very heart of the socialist firm.

PART I. THE PARTNERSHIP AS PROOF

István Nagy is a highly skilled machinist who operates a complex horizontal boring machine. Five years from retirement, he has been working at Minotaur since the 1940s. "Come into my office," he said, sitting at his table near the cabinet behind his machine, and this reference to his working space was spoken with the same measure of humor and seriousness with which the other workers in the shop sometimes address him as "Profesor Ur" (Herr Professor) or refer to him as "Professor Nagy." He was working on some technical drawings and he explained that without these it would be impossible to convert the blueprints sent by the technical department into the actual cuts required by the machinists who would work on this piece. After computing some functions with the aid of a small calculator ("I had to buy it myself," he notes. "They promised to reimburse me, but they never did. So it's my investment."), a new drawing is produced from which a machinist will know how to position the piece and the length and depth of various cuts in several dimensions. Without these sketches even the most experienced machinist would run into trouble if he had not set up the tool correctly from the beginning. For most operations the blueprints themselves are sufficient; but for especially complicated tasks the standard blueprints should be accompanied by these additional calculations prepared in advance by engineers in the technical department. Pointing to the drawings, Nagy emphasizes again that this work is the responsibility of the engineers. He comments:

Now and again, like this time, I do this kind of technical work for other people. If I would have another mentality, I would say "Why should I do that? It's not required for me to do this." But I have a

different mentality. I could say to management. "Give it to the guy who is paid to do it." But that's not how I am.

Nagy's complaint here, and in other similar conversations, is not that the job falls on him to do -- for he clearly enjoys solving these technical problems -- but that in the regular hours he is doing work which other people are being paid to do, and moreover that knowledge which is his is seen to reside elsewhere in the technical department, among the engineers, for whom Nagy has few words of praise:

Two engineers were sent to Germany to buy a new machine. They stayed there for a couple of weeks while the Germans showed them how to run the machine. After they brought the machine back, one engineer was supposed to show a worker how to do it. He tried for three days. But he couldn't do it. He didn't know how to run it at all. Finally, he started shouting that he was done with it. So, the worker had to figure it out for himself.

Whether true or apocryphal, we can be certain that Nagy has told this story to any number of young workers in the shop.

For Nagy and the other members of the VGM, a major injustice in the shop is that the skilled manual workers do not receive the recognition and the pay that should accrue to them as the real backbone of the shop. If given the opportunity to reorganize the shop, he would redress this problem:

Someone once asked me if I would be able and eager to run the shop as a VGM at the time. Yea. I would reduce the rank and file down to 30 percent, advertise and seek on the street for good experts to build back up to 70 percent of the current staffing level. And this shop would be a gold mine. That would give more prestige to this knowledge.

Three young lathe operators were here and they quit to go to the railroad station to unload coal wagons. There they could earn more. That's how valued our skill is now, you see? Without acknowledgement and without pay. To select good people at the gate would mean that I would have something to promise -- 90

forints as the starting base wage rather than the ceiling like now. And with that 90 I would be able to say, "we expect you to do this and this and this." It's like Henry Ford said: one has to pay for everything that is done but not one cent more. That's a good motto.

The conjunction of remaking the shop and giving more prestige to this knowledge is important for two reasons. First, for the machinists, the justification of higher earnings is not based on the discourse of formal qualifications and credentials but is grounded solidly in a logic of efficiency and production. Rewards should go to those who produce the greatest quantity and the highest quality of material goods. The question of how to increase the prestige of the machinists' knowledge is, thus, answered by reorganizing the shop so that it would be able to produce to its fullest potential. If so, it would be a gold mine and everybody whose opinion mattered could see that it was so. In such a case, in Nagy's logic, the real value of the tool-makers' knowledge would be undeniable. Increased production, that is what will increase the machinists' prestige.

But the conjunction of reorganization and increased prestige is also important for a second reason. In the tool-makers' view, it would be an injustice to receive higher earnings that were not backed by higher production. By the same token, it would also be an injustice if higher production were not matched by higher earnings. For this reason, Nagy's proposed reorganization would also entail a dismantling of the current system of enterprise wage regulation by the central authorities. The current ceiling would become the new floor -- for only in those conditions could a manager be justified in telling a worker that he expected "this and this and this." Higher earnings are the precondition for better organization; and better organization would create the material basis to justify the higher earnings. It is in this light that Nagy's motto must be read backwards and forwards. It is unjustified to pay wages beyond the value of the work; but it is also an injustice to pay anything less than the value of the work. "One has to pay

for everything that is done, but not one cent more. That's a good motto."

[INSERT DOCUMENTATION 1 ABOUT HERE. See page 44.]

"THE GOOD MONEY COMES ONLY FOR THE WRONG REASONS."

To avoid any misunderstanding, we should note that the tool-makers at Minotaur are not only highly skilled but they are also (by the standards of Hungarian manual workers) highly paid. The higher incomes of these tool-makers do not derive, however, from their classification as highly skilled workers but are the result of their location at key positions in the production process particular to this machine shop. Because the machinists and the machine-builders who are the VGM members have the skills and abilities to operate a set of machines that are critical to the manufacture of the shop's most valuable products, they are called upon to work overtime or to be paid through one of the "moving wage" forms. Moreover in this case, because the operations they perform are often complex and non-routine, management is not able to estimate with certainty the amount of time required for the tasks. The consequence is that the most demanding and most urgent tasks are often performed outside of the basic wage formula. The combination of all of these factors is that the tool-makers can make claims that the true value (for the shop and for the shop management) of a critical operation cannot simply be measured by the time that it actually takes to perform the task. The machinists told numerous stories of earning the equivalent of an average worker's monthly salary for a weekend's work on an urgent task or of being given assignments for which management willingly paid a full weekend of overtime that were completed by skillful operations in a matter of hours. These cases, Nagy argues:

show that how much time a task takes can't be evaluated. They can say that to do one piece "costs" such and such. But exactly how much time one certain step or operation needs, that you can't tell. It could take three days, or it could take a half day. It depends

on abilities, willingness, creativeness.

But the problem for the tool-makers is that "the good money comes for only the wrong reasons." Called upon to exercise their autonomous skills too late, they are paid the best only when the situation is the worst. In their view, prior to the establishment of the partnership, the VGM members were most likely to earn wages at a rate corresponding to their self-evaluations in those circumstances when they were brought in to remedy a project that was already flawed. This situation-- the haphazard coordination of work tasks, the substandard materials, the poor quality of the final product-- is an affront to their craftsmen's sense of workmanship. And the fact that this is when they are well paid is a challenge to their identity, dignity, and honor.

Here, you see, the good money comes only from the wrong reasons. I'll have to explain it. As a good skilled worker, I get extra pay if something is urgent at the last minute. If I see that something is going wrong--because of poor organization, because of some wrong decision or another--then it is inevitable that something will go wrong. In that situation I have two choices. The first one: if I see it but don't say anything about it, then I can be sure that a week later I will get the job to correct it. In that case management has to pay for its poor organization. The second choice is that I can mention something about it right away--be honest--say right away "sir, there's something wrong here". In that case the mistake would be corrected right away. But I wouldn't get paid for saying what I know. What is rewarded is dishonesty. It's a shame. That's how it is.

If I could wish for anything, I would not wish for more modern machines, more money, better conditions. But I would wish for a real honest management. Because if that would be the case, all the other things would come about.

For the tool-makers at Minotaur, the most grievous injustice in the regular conditions of the machine shop is that they are trapped in a moral double-bind. To step in either direction is to jeopardize one's code of justice. To see

something going wrong and not call it to attention, is to fail to utilize the very knowledge upon which he is making a claim to rewards.³ But to use that knowledge in every instance, even when "one is not paid for it," is to forfeit the opportunity for an adequate level of compensation-- for it is when things go poorly that he will be well-paid.

The essence of the tool-maker's moral double-bind is succinctly expressed in the phrase, "What is rewarded is dishonesty." By establishing their work partnership, the tool-makers sought to escape this double-bind. In the VGM, they would be able to work honestly, for honorable rewards. To be paid well and for the right reasons would establish a moral stability that could provide a basis for the stability of earnings. But if the VGM was to be an instrument for remaking a moral order, it would not be by alleviating workers' guilty conscience. Rather, in so far as the tool-makers wanted an organizational form in which they could work honestly, they also wanted a means for confronting what they saw as management's dishonesty in denying the true worth of their knowledge and skill. (The context of the "wish for a real honest management" is not a discussion of corruption but of the perceived structured injustice in workers' rewards.) Within this logic, to be released from the moral double-bind and to bind management to honest behavior, the tool-makers needed a means to demonstrate their worth and thereby justify a restructuring of the terms of agreement governing their rewards by the enterprise.

³ Acts of deliberate sabotage are not part of this dilemma but are a direct and total violation of the craftsman's code. Deliberate damage, or patently faulty workmanship would place one outside the bounds of honorable behavior. In any case, when noticed by other skilled workers in later phases of production it might be indistinguishable from "sloppy work" and would lower one's position in the hierarchy of status based on skill. The problem is that of working to one's best abilities within conditions determined by management. In such cases the worker withdraws from engaged participation in the work of coordination for which managerial or professional personnel-- and not he-- is being rewarded. Specifically, it involves behavior such as accepting an assignment (and carrying it out to the best of one's abilities even though one knows that the scheduled sequencing will result in avoidable complications during subsequent operations in the piece; cutting exactly to the prescribed tolerance even though pieces will fit better if slight adjustments would be made and coordinated with similar departures from the blueprints in other parts; failure to call attention to error in drawings or to mistakes made by others; and the like.

THE PROOF OF WORTH

For me it's not possible to take part in the second economy because I have to be doing this skill and it can only be done at a big enterprise. There are no other possibilities. Our craft is not similar to the painters, the floor makers, to other service kinds of occupations that can be sold in different ways. I work on machines, I need machines. And big pieces of material. And because if that it's important for us to know the VGM as a tisza virag eletu [an insect that comes out only one day a year, mates, and disappears], and with it we can make an effort for getting more recognition in the regular hours for our work.

With the second economy ruled out as a setting for improving their situation, the tool-makers see a short-lived opportunity before them: they establish a VGM to get more "honor and appreciation" for their work. Nagy's description of how the Minotaur tool-makers formed themselves into a work partnership at the end of 1983 indicates that the process of creating a group was initiated by the members and not by management:

I was the initiator, everybody wanted money. We didn't want to let the train pass by. We wanted to get on it. We are the cream of the rank and file and there was no reason why we should be left out of the possibility. So, I approached various people needed to do the machine building. Who would be essential? I asked 3 or 4 and suggested that he might ask others and who they would suggest and, in turn, whom would they suggest.

Everyone of the 18--each is a skilled manual worker. Our aim was to have each skill. At least one from each. Each member doesn't have to be polyvalent. But at the one [skill] that he does have, he has to be very good, very expert.

Prior to the firm's formal recognition of the partnership was the mutual recognition by the members of each other. In the past, with some shifting and

never entirely distinct boundaries depending on the circumstances, they had acted together as an informal group in their relationship to shop management. Constituting themselves as an explicit group expressed much more than ties of friendship and association, however, for the group's composition also reflected a strategic orientation: among the original 13 founding members (later expanded to 18), there was at least one worker on each of the most complex machines in the shop. In this way the group would be self-sufficient and able to make subcontracts for the most demanding types of projects undertaken in the factory. Moreover, the group contained no managerial personnel and no engineers. In this way they would show that a group composed only of workers could manufacture machines of better quality than those made under the direction of engineers and managers:

We made it a question of prestige with these tools. We figured out who was best for each task. The enterprise isn't so successful. For our last task we didn't get any help, but we didn't want to accept any because we use quite different methods. We showed that without any help from the technical department we could do a very complex task.

The same view of this strategy is expressed by another member in slightly different terms. The context of the following exchange was a conversation about the VGMs as an "experiment"-- a theme that appears prominently in public discussion of the partnership. (Janos Kader, for example, referred to the VGMs as a useful "social experiment" in his closing speech at the 1985 Party Congress). The work partners are aware that they serve as the subject of an experiment, and they frequently use such phrases as "the VGM? It's an experiment in unexplored territory. They want to see what's possible". Or, "The VGM is a satellite sent on a reconnaissance mission". In one such conversation in which a machine-builder observed that the VGM was a test to see what was possible, I asked:

Q. Was there any way in which you were testing them? In which you were using the VGM as a test?

A. It was mainly not the test of what we are capable. We knew it before. What was important was to show to management that we could do it without them. We can. And so we did prove that all that extra organization is not necessary.

For the tool-makers, the VGM could be used as a test, a proof of the capabilities of which they were already cognizant but which were yet unrecognized. On weekends and in the late afternoons after the regular hours, the shop would be theirs and they would turn it into a gold mine. The partnership would be proof of the justness of their claims. And as such, it would be proof of the injustices in the regular hours--that the poor performance of the shop was not the fault of the workers, that the lack of recognition of their capabilities was unjustified, that clumsy bureaucracy was unnecessary, and that the inefficiency and poor organization of work (leading to less than optimal output and lower income for workers) was an injustice for the whole national economy.

By increasing the incomes of the tool-makers to a level above those of the managers and engineers employed in the shop, the VGM provides a more just payment in the workers' view because the craftsmen's measure of social standing and the hierarchy of incomes in the shop would now be brought into the proper correspondence.

But, we must emphasize, the tool-makers do not view the higher incomes as a means to "correct an injustice" in the sense that higher earnings might serve as compensation for damages--as if each indignity in the lack of recognition of their identities could have a compensatory price. Neither, in the members' eyes, is recognition or honor in the abstract a substitute for higher earnings--as if there exists an algorithm in which a given unit of respect, as an "intrinsic reward," is substitutable for some unit of monetary reward. The goals of "making money" and "getting honor" are not two separate questions in the eyes of the members. For these workers, honor and appreciation on the part of management are hollow and disingenuous if they are not also expressed in the currency of higher earnings.

This was made obvious when two members of the tool-making VGM who were designated as "excellent workers" by the factory did not show up to receive their medals at the award ceremony held after the regular hours--preferring instead to use the time to work in the VGM. For it is in the VGM that the workers can make higher incomes through a means which at the same time proves, for them self-evidently, that such higher earnings are justified in the regular hours as well. The proof is not in legal argument, not the proof of principles pure and abstract, not the proof of a "rational choice" but a proof in the idiom for the most meaningful: "This fine machine we built proves the measure of our worth."

In their first steps to use the VGM as a "proof" to show what they could do, the tool-making partners were demonstrably successful. After completing several routine projects for other factories in the enterprise (during which they worked out some new production methods), they placed a subcontractual bid to build a complicated machine tool for export to a West German customer. The previous export order by the shop had missed the contract deadline and only narrowly met the customer's performance standards. With this new opportunity, the tool-makers put themselves into their work, completed the project two weeks before the deadline, and shipped a tool that passed the most rigorous performance tests and was put into service immediately without modifications or adjustments. The tool-makers had scored a major victory in their industrial conflict with management.

"PAYMENT ACCORDING TO WORK"

After their success with the exported machine-tool, the partnership took several other projects for the domestic market and wasted no opportunity to make public their excellent record. This led to some embarrassing moments for the shop and factory management when the Hungarian firms who were pleased with the VGM's product sent agents to Minotaur to make inquiries about future orders. When they came to the unit, Nagy, the VGM representative, made it clear that it was the partnership (not the regular shop) that had fulfilled the subcontract.

Quickly circulated through the whole factory was Nagy's story that these customers had said they wished all their orders with the firm would be of such high quality.

But together with their higher earnings from the VGM, the group began collecting resentments against it from all sides. Managers and engineers in the unit were offended twice over--first, by the fact that the blue collar VGM workers were earning much more than they, and second by the members' claims that the VGM members could produce a better product without professional or managerial input. Alongside this animosity arose tensions between the VGM members and the non-members who provided auxiliary services (equipment transport, heat-treating, tool-sharpening, etc.) for the machinists. In its contracts with the firm the VGM was charged for these services (about 10% was subtracted from its "entrepreneurial fee"). But, as the members put it, to "avoid accidents" the VGM had to start allocating an additional 5-10% of its proceeds for illegal payments directly to auxiliary workers. These "pocket-to-pocket" payments only temporarily quieted the grumbling about the highly visible VGM incomes.

Thus, at exactly the time that the VGM members felt the most confident that they had demonstrated the justness of their claims, they heard the growing criticism of high partnership earnings as "unjustified incomes." At all levels of society--from the shop [to the Central Committee--one could hear workers, trade union officials, managers, and politicians discredit the partner's incomes as a "violation of the socialist principle of payment according to work." ("Two workers doing the same task at the same time--one in the second shift, one in the VGM. But the VGM man makes three times as much. This is an obvious departure from our socialist principles of "payment according to work." But the work partners can and do respond with use of the same slogans: "I work just as hard in the regular hours as in the VGM but I make only half as much on official time. In the official hours I sell my time; in the VGM I sell my skills. You tell me where there's

payment according to work."⁴

That the VGM tool-makers can refer to such "socialist" slogans as "payment according to work", however, is not evidence, as some might argue, that workers take seriously the legitimating ideologies of state socialism and thereby place constraints on the regimes by forcing them to live up to their ideals. Eager to show that these regimes are trapped in their own rhetoric, such interpretations mistakenly assume that the meaning of words is fixed by the ideological packages in which they come officially wrapped. Phrases such as "private property" or "payment according to work" are used in different contexts and by different social groups with entirely different meanings. Rather than conferring legitimacy to the slogans of authority, use of phrases from the official lexicon by workers can be a rhetorical device on the part of subordinates to make it more difficult for the authorities to delegitimize their speech. Subordinate social groups in state socialist societies do place limits on the power of state elites--not, however, by embracing the official ideology but by taking their initiative into organizational forms not controlled by the state. The Minotaur tool-makers did not set up their partnership outside the regular hours to show that they were more capable of realizing ideals in the terms of socialism but to demonstrate their worth on their own terms.

PART II. DISTRIBUTIVE JUSTICE INSIDE THE PARTNERSHIP

FROM INFORMAL GROUP TO CONTRACTUAL PARTNERS

When asked the question "on what basis do you work out the internal distribution of the partnership's earnings?" many of the VGM members answer, "we try to do what's fair." This simple statement indicates an important aspect of

⁴ When using parts of official speech such as "payment according to work," the tool-makers' tone of voice often indicates that they are "quoting others' words with an irony bordering on sarcasm.

the internal life of the VGM--for the question of fairness is essential to holding the group together. Failure to do so could lead to such disharmony as to threaten the very existence of the group--and hence, from the perspective of any individual, to eroding the possibility of this additional income which, after all, depends on the existence of the group.⁵

If to valorize skills the VGM takes a collective position in struggles over evaluation, we are led to analyze the ways in which the group reproduces itself as a collectivity. Within the VGM, the members are not only responsible for the organization of work (the activity of socio-technical coordination) but they must also engage in the work of organization (the activity of negotiating the changing terms of association and adjudicating disputes within them). this "work of organization," of course, includes tasks that we ordinarily think of as managerial--administering, record-keeping, coordinating, etc. However, the most interesting, because the most problematical, work of organization is not that which can be delegated but that in which every member must engage-- the work of coming to agreement about the continued existence and the principles of operation of the group itself.

For the VGM, integrally bound up with the process of exchanging its collective labor is the process of internally judging the value of the activity of its constitutive members. In reaching agreement among themselves, the VGM members have a variety of conceptual resources on which they can potentially draw. Among these, the most salient and ready at hand is the informal code of reciprocity that coordinates the relations among workers (and between workers

⁵ Recall that VGM participation is voluntary. "Extra" income, per se does not depend on the existence of the group since individual members could potentially exit the group to take on extra work outside the firm in the second economy or resort to the regular forms of overtime in the shop (exit to another VGM is not a realistic option). Pursuit of either of these individualistic strategies would have to consider the uncertainties involved in either case. In this light it is interesting to note that a successful VGM can have the effect of raising the level of the "moving wage" in the shop-- thus cushioning the loss of VGM income to a member who quits the group. That is, a successful collective strategy can also produce the conditions that facilitate (or at least reduce the pressures against) individual exit from the group.

and managers) on the floor.

Each of the highly skilled machinists in this shop are autonomous workers; each runs his own machine on an individual basis. But no worker, however skilled, can complete his tasks without some cooperation from other workers. Each skilled worker, especially those who are older and have been in the shop for many years, will have his own cache of special tools and fittings for his machine. Yet even the most experienced will sometimes need some new special fitting that will allow them to do a particular operation in less time. Acquiring these tools over the years will have required various informal exchanges with other machinists. Some workers keep drawers of blueprints for tasks that were out of the ordinary (with drawings, figures, and calculations necessary to translate the design into the actual cutting depths, the positioning of the piece on the machine, and the most efficient sequencing of the detailed operations). Faced with a particularly unusual assignment, a machinist might consult with others to see if such a problem had been confronted before and to get useful tips on previous solutions. These and a host of other informal exchanges (relaying opportunities for making tools on the side [fusizaz] for second economy producers, etc.) bind the machinists together in a dense network of reciprocity. The ongoing series of favors is kept in motion because the various dyadic "accounts are never exactly in balance.

The eighteen workers who constitute the tool-making VGM know well the informal code of honorable behavior on the shop-floor at Minotaur. That code regulates the informal exchanges of parts, tools, and information; it regulates behavior among older and younger, talented and less talented, practical jokers and quiet loners; and it designates those who should be treated with special respect because they embody accumulated knowledge-- whether it be the worker whose technical skills one can count on to give advice or sketch a practical solution to a difficult production problem, or another whose social skills and experience can be relied in to adjudicate a disagreement or deal with a supervisor who had stepped out of line. It can also guide them in their partnership. The shop-floor code serves as the basis for their coming together to form a group as their mutually self-perceived standing ("the cream of the rank and file," "the most talented",etc,) set them apart from other workers. That same code also aids them in choosing a representative and provides the initial resources for collective self-

organization of their work tasks ("they do it one way; we do it differently").

The problem is that inside the partnership the informal code confronts a new and more formalized situation: the VGM is a distinct and officially recognized group, with clear boundaries, distinct contractual obligations, and organizational tasks such as allocating monetary rewards. As we shall see, the VGM story illustrates the limits of the informal. Informality can step in where formal organization fails; its flexibility can counter formal rigidities; it can provide unseen avenues for the powerful and can offer limited protection to the subordinated. Informality can coexist with formality; but it cannot be directly translated into the formal or stand without difficulty as a substitute for formal organization entirely.

It is decisions about an internal payment system that pose special problems for the workers' informal code. For in the regular hours of the shop floor, however much the informal code could prescribe standards of fair payment and provide the resources for informal bargaining to attempt to match actual payments with these standards, it remains the case that it is the bosses who pay the workers and not the workers themselves who make the final decision. If discrepancies exist between payments ideally prescribed by the workers' shop-floor culture and those actually made by the firm--if, for example, managers and engineers (who stand lower in that culture's hierarchy of social stature) receive higher incomes than those of the most highly skilled workers (who stand at the top of the scale), or if some workers receive more or less than would rightly be their reward within the informal code-- this injustice (from the standard of the shop-floor culture) does not call into question the code itself. Discrepancies, injustices, can be explained because the bargaining partner (management) has not, or cannot be, constrained to pay according to workers' rules. Within the VGM, however, the relationship between principles and payments is much more direct because there is no possibility for interference by any outside party. The

negotiated price of a particular subcontractual order can be lower than what the workers desire; but the distribution of that fee among themselves rests on an agreement independent of any actions by management. Disputes about payment inside the VGM, therefore, make the unwritten rules of workers' shop floor culture an object of explicit reflection.

Moreover, disputes among workers about payment are much more likely within the VGM than during the regular hours. In the regular hours, of course, workers are paid individually. If one worker receives more, it is not generally perceived that another will get less. In fact, successful individual bargaining can rebound to the later advantage of others to the extent that it can be invoked as a precedent in subsequent bargaining. In the VGM, the fact that the subcontractual fee is a finite sum to be distributed among the members make the ratios of individual earnings within a particular subcontract more of a zero-sum game. This increases the likelihood of disputes. The fact that the VGM has prospects of repeated subcontractual orders, of course, mitigates the zero-sum nature of the game (cooperation across time is a prerequisite for being able to play the game at all). It also means that disputes cannot simply be ignored and that attempts will be made to find new terms of agreement.

As we examine the process of evaluation among the work partners, we shall see that governance within this small work team conforms neither to the characterizations of mainstream industrial sociology nor to those of the new rational choice economics. As portrayed in the latter perspective: hyper-rational individuals (with prior, fixed, and known preferences) assemble, compare their formal models, and devise a constitution which maintains collective interests while maximizing individual utilities. In the former: thoroughly socialized individuals seeking the sociability of their work-mates bind together on the basis of shared non-rational beliefs and invariably reproduce what are variously referred to as "values" or "norms." But where the mainstream literature on informal work teams predicts spontaneous solidarity on the basis of shared "values," in the case of the Minotaur tool-makers we find individuals jockeying for position and reinterpreting

rules to self-advantage. Such maneuvering does not spring from "irrational" desire; yet neither does this rationality pursue perceived interests with the omniscience of the public choice theorists. Instead, we find multiple rationalities bounded not only by lack of perfect information but limited also by the conceptual tools and the "measuring" instruments that are at hand for calculating worth, value and advantage.⁶

WHAT IS MY WORK WORTH?

For an internal payment system to be fair--not, of course, according to some external and arbitrary standard but according to the logic of the VGM members themselves--it must correct the perceived injustices of the system operating in the regular hours. The problem of the moral double-bind, recall, was that the tool-makers argued that the official system did not reward workers for honest and conscientious application of their full set of skills, knowledge, and capabilities. The VGM system, by rewarding a group for its collective endeavors, held the hope of correcting this dilemma: because the group would be paid a fee for its total efforts, there would be a collective incentive for the group to reward each member for using that knowledge (including the work of coordination) which was, in their view, punished in the regular hours. Nagy links these ideas to an internal payment system:

What would be justice for the whole economy, would be to spending on working places only the amount necessary for production--not for all the extra non-production and non-productive. In a situation where not only the socially necessary work is done, then people who are the ones who are really necessary can't be paid enough.

⁶ Or we might just as correctly say that the lack of perfect information and the "biased measures" facilitate (rather than limit) these rationalities, for it is exactly by excluding information (on the "irrelevant" dimensions) and measuring only selected criteria that evaluative practices yield the judgements of value in which rationalities operate.

Q. And what about the VGM?

A. In this group there are the best skilled. They are not the tail of the comet but the head of the comet. You have to see that in regular hours there are a lot of people who can't do their job properly. But they still get paid. And there are those who get money without even showing up to work. In the VGM only the head of the comet is in. They are able to work properly. The best, in terms of justice, would be for everyone to work as hard as he can and get money according to the hours worked.

In a group composed exclusively of highly skilled workers, the differences between a system of paying "according to hours" and that of paying "according to skill" are not irreconcilable-- provided, of course, that "everyone works as hard as he can" and is honest about the time it takes to do the job. But, as we shall see, this proviso is easier to state in principle than it is to achieve in practice. Some of the tensions within the group sprang from problems inherent in any payment system operating under conditions of a combination of group and individual incentives. Others were amplified by problems in the relationship between the partnership and the firm.

[INSERT DOCUMENTATION 2 ABOUT HERE. See page 46.]

At the beginning, the group used a system of pay based on the number of hours which each worker reported to have actually worked for his assignments for a given project, and the rate of payment was the same for all workers. Everything worked smoothly at first: Perhaps because of the initial commitment of each member to make the group work, perhaps as well because the initial payments exceeded almost everyone's expectations. In this first period, it seems, the sudden possibility of a higher standard of living meant that the relevant point of comparison was to each member's own previous earnings in the regular hours. As this initial period of exuberance began to fade, some workers started to complain that other members were not working as hard as they could. Somewhat

later, and after much informal conversation on the shop floor, the group formally adopted a new system that promised to correct the generally perceived problem of overreporting hours worked.

The revised system of payment was based on estimates of the hours for each task prior to undertaking a collective project. Thus, after blueprints were preliminarily examined to see whether it would be worthwhile for the VGM to make a subcontractual offer, internal "negotiations" began in earnest. Each member made an estimate for the hours that it would take to complete his operations for the project. This was not a formal bidding system in one meeting of the whole group but was conducted informally in those frequent situations during the regular hours when members (either individually with Nagy acting as intermediary, or in small groups) could meet to discuss the subcontract. Through this iterative process of revising estimates, an agreement was reached about the relative proportions for the distributive "hours" for the project. Meanwhile, the group through its representative was negotiating with management about the subcontractual price for the machine tool. When the final "entrepreneurial fee" was determined and their anticipated proceeds calculated, the group could earmark 20% for their "reserve fund" (to pay charges and to the pocket-to-pocket payments), set aside an additional percentage for the representative (originally set at 10% and later reduced to 5%), and each member would then know in advance that sum that he would receive for his work on the project, regardless of whether he accomplished it slowly or quickly.

By eliminating complaints and tensions about overreporting hours, the new system restored mutual confidence and stimulated production inside the group. But, in time, it too gave rise to new tensions. The system of prior estimates worked especially smoothly in those circumstances where the projects called for more routine operations in which the members could assess the required time and the relative weights with some precision. But it proved much more difficult to make accurate estimates for the more complicated projects--precisely the type on which the group had staked its "prestige"-- especially for the complex export

orders where room for making mistakes in estimates was much more narrow.

The smaller margin of error for the export project was due, in part, to their greater complexity but also to the fact that (within the system of pricing orders in the shop) export jobs appear on the books as normed more tightly than the domestic orders. Minotaur's enterprise managers (and its factory directors and its unit managers, in turn) are under pressure to generate hard currency earnings by the sale of products to western firms. These sales must show a profit. That is, when economic authorities audit the company, the records of time, wages, costs, etc. for an export project must show that profits were earned. In fact, however, many of the export projects undertaken in the regular hours are not profitable, that is, the resources expended are greater than the hard currency earnings. One means by which management masks this unprofitability at the level of the factory and shop is that the hourly accounting of wages paid for the export projects undertaken in the regular hours is shifted to the records for orders of Minotaur's domestic customers.⁷ Over time, this accounting practice shows hours worked on the export orders artificially low and those for domestic orders artificially high. The consequence is that the norms for the domestic orders are extremely loose while those for the export orders are very tight. These norms form the basis for the subcontractual price setting between the VGM and Minotaur.

In its first year of operation, the tool-making VGM was able to take advantage of this disparity on the side of domestic orders. For the orders for machine tools for other parts of the enterprise or for the domestic market, they were able to place subcontractual bids that were 30 percent below that of the regular shop and still clear enough profits for the members to be making over 200 forints per hour (about four times their hourly rate). The problems set in after their

⁷ As one manager noted: "We make the Hungarian firms pay very well. We can make fools of them." This example of practices in an economy of shortage with soft-budget constraints has its parallel in the defense industry in the United States. Directors at General Dynamics were recently slapped on the wrist when it was revealed that the company was charging the Defense Department for wages that were actually spent on orders from the private sector.

first major achievement--the export order to West Germany. Once factory and enterprise management saw that the VGM could fulfill export orders that would bring real, and not simply fictional profits, they wanted the VGM to be doing the most complex export projects all the time.

This situation led to the first major showdown between the VGM and factory management in the early months of 1985. In a dispute over subcontracts for four expensive machine tools for another West German customer, negotiations between Minotaur and the tool-makers broke down for almost four months. In the end, the VGM won the subcontracts, largely on their own terms. But the costs of this victory were high. The four month dispute had fueled the tempers of members, and their winning three of the four export orders heightened the hostility of shop management and the non-members. Moreover, because it was especially difficult to estimate times in advance for the complex operations some members, who had been "burned" by underestimating on one project, tried to protect themselves by overestimating on the subsequent projects. So long as everyone was equally overestimating, the system could be stable. But there was no way to be entirely sure that someone was over-estimating or under-estimating. Each of the members was a highly skilled worker, but most of them worked on different kinds of machines. Each valued his own skill a bit above the others and thought he could second-guess the other's estimates. But some of the tasks were so complex that not even the most experienced worker could make predictions accurately even for his own tasks on his own machine. Over time, "counted hours" came to depart more and more from hours actually worked.

Most members felt that the tensions could be remedied if the group could bid for the less complex tasks (that is, like the shop, to mix export and domestic orders in the hopes that the "easy money" would give them more internal room for maneuver). But enterprise management was happy with the export orders and shop management (happy for its own reasons to prolong conflicts inside the group) was opposed to giving the VGM the less complicated orders for the domestic market. Moreover, the VGM had committed itself to justifying its higher

earnings on the basis of complexity, quality and skill. If the price was right, how could they legitimately refuse a complex task, and how could they justify doing the simpler projects if these could be done just as competently by less gifted non-VGM members in the regular hours?

Meanwhile another VGM was formed in the shop. In the view of our tool-makers these workers were "less talented." But without taking on the complicated orders, this second group was making more money than the first VGM:

Those in the other VGM who are much less talented laugh at us. We're doing these complicated projects but with lots of risks. They are doing really simple things and making good money.

Moreover, the existence of the VGM helped to increase the bargaining power of some of the work partners in the regular hours. Because of their higher earnings in the VGM they were able to refuse extra overtime and to reject the individual offers of the special premiums and other "moving wage" forms. The consequence was that shop management was forced to increase the level of earnings that were available through these channels. At the same time, new taxes and other charges on the VGM that were introduced in 1985 and again in 1986 reduced the real earnings in the VGM. These measures combined to narrow the gap between the rates of earnings in the VGM and the rates that were sometimes possible through the moving wage.

The tool-makers had formed their group to show that their claims to higher incomes were justified on the basis of their more effective and efficient performance when free to organize the work themselves. The VGM's work on the most complicated tasks was to be proof. In so doing, they faced a set of risks. Some of these were known in advance-- the personal risks of poor health and the risks to marriages and families due to the long hours of extra work (which I have not covered here, but which figure prominently in their conversations) as well as the collective risk that they might fail in these endeavors. But the risk that they did not anticipate was that they would succeed all too well and now be called on to "prove themselves" in every situation--in which they ran the personal risk of

miscalculating their possible earnings and the collective risk of becoming the laughing-stock of their less ambitious fellows. Having dispelled any uncertainties about their capabilities, the tool-makers now found that management was shifting uncertainties from the shop over into the VGM. This burden led to problems inside the group and raised questions about the basis for future strategy:

We showed that without any help from the technology department we could do a very complex task. Now the firm wants us to do only the complex. But these are from the West German's who can be hard bargainers because of the economic difficulties of the whole economy.

In the regular hours, if you underestimate for one job, it can be taken over by another. In the regular hours, with special premium, if you underestimate, it can work out. But you don't have much room for mistakes in the VGM work. If these other opportunities weren't here, or if we could get some other, less complicated orders, it would be worth it solve these tensions.

When the VGM was formed, we were very enthusiastic, proud to show what we can do as a group. Now, we've already shown that, so it's not important to do it all the time. Now it is not worth enough. If the prestige question drops out of the picture, it's not worth it.

As we have seen, the terms of agreement for evaluating worth were not fixed within the partnership. In fact, the very units to be compared changed with the changing bases for making the group. Something so basic as "skill," for example, shifted its meaning and its place in the systems of payment. In its early phase, faced with the task of forming as a group, the payment system emphasized skill as the shared trait of the group. "Skill" was the marker of collective difference distinguishing the members (on their terms) both from engineers and from other workers; its sole measure was membership in the group, and, insofar as the partners were involved in a collective proof, skill was a property of the group itself. The tool-makers emphasized this commonality by remunerating all members at the same rate according to the hours each reported. In the later period, "skill" becomes the marker of difference within the group and the earlier

payment system is condemned as violating the very principle rewarding skill that it had set out to prove. The general consensus within the group identified the source of the problem as individual shirking, pinpointed the proximate culprit as the system of paying by the hour, and adopted the corrective of payment by task.

The fundamental sources of the problem, however, were grounded in the ways in which the partnership form altered the experience of work and worth. First, the more the tool-makers were involved in collective subcontractual negotiations about the entrepreneurial fee for the complete tool that was cut, assembled and calibrated by the group as a group, the more they thought about the value of their labor in terms of the market value of the completed product. In this bargaining the tool-makers, "for the first time", as they said, did some research to discover the market price of the exported equipment and the hard currency earnings that would accrue to the firm. In the selective bargaining of the regular hours prior to the establishment of the VGM the tool-makers had sought to get the best prices for their time; in establishing the partnership they sought the best price for their skills; but as they bargained for a subcontractual fee they sought the best price for the product of their labor. At the level of the individual member this had the effect of attenuating still further the relationship between the expenditure of time and the value of one's contribution.

Second, the more the work partners were involved in collective decision-making about rewards, the more they experienced the singular individuality of their labor inputs. The more that each attempted to evaluate the relative contribution of the others, under their simultaneous and mutual scrutiny, and the more that each experienced the difficulty of estimating with precision the time required for complex tasks on his own machine, the more each was struck by the idiosyncrasy of his contribution. The experience of one's contribution as singular and unique and the difficulty of making a comparison of relative contribution heightened the sense of danger (not simply that one might underestimate that time required for a certain operation) but that one's worth might be undervalued in one's own estimation. If you are the only able judge of your value, then by

your own hand will you suffer the injustice of being misjudged. Thus, it was not greed nor opportunistic taking advantage of by oneself that caused the periodic inflation in estimates of worth in the partnership.

PART III. MANEUVERING ACROSS ECONOMIES

Exclusion from all but the most complex export orders not only amplified tensions among the VGM members but also eroded relations between the group and Nagy, its representative. Nagy's actions exacerbated rather than mitigated these problems and eventually the work partners asked him to resign his post as representative.

The story of Nagy's replacement begins with the revised payment system of estimating tasks in advance which could entail some risk that the actual time to complete the operation might exceed the estimate. It was in such circumstances that Nagy acted on his own, and without consulting the members, to correct what he perceived to be an unfair decision by the other members:

The crisis when I broke my hand. A guy who usually works on another machine had to do the operations that I would normally have done for the VGM on my machine. If I had been able to do that job, it would have taken me about 150 hours--but it took him 400 to do it. The others said that the estimate of 1500 hours had already been made and they didn't want to pay the guy for all that "extra" time. They didn't want it to come from their earnings. So, I paid him from the common fund.

This payment from the common fund did not, remain an isolated incident: Struggling to reduce the tensions about the payment system and to hold the group together, Nagy unilaterally made adjustments in cases where workers had underestimated their tasks. This money was taken from the VGM's reserve fund (or "common fund") which existed from the purpose of making the "pocket-to-pocket" payments to the auxiliary workers as well as for the various overhead charges to the firm.

As the representative, Nagy would normally receive every month from the enterprise a statement or bill for the charges that the VGM must pay to the enterprise. After the group won its protracted struggle with the enterprise over the three export orders to West Germany, Nagy claims, the enterprise did not send him these bills. This period during the summer and fall of 1985 was precisely the period in which the group's internal tensions were at their height. In the midst of that critical period, the enterprise suddenly notified Nagy that VGM owed the firm over 80,000 forints. Rather than pay it, Nagy continued to use these funds to compensate workers in the partnership. His explanation of these actions was that the firm had deliberately misled him about the norms of the code of the shop floor -- quid pro quo, tit for tat -- Nagy set out to repay "blow for blow":

Management tricked me by not telling me about the charges. I figured: they tricked me, I'll trick them. To pay the workers from the common fund and if management insists on the charges, we won't pay it. They have to eat the frog.

Within the code of the shop-floor Nagy's actions obeyed a certain logic; but within the new conditions they were a breach of the contractual relationship between the VGM and the enterprise. Similarly, Nagy's unilateral steps, taken without consulting the group, make sense if he sees himself as a "big man" in the shop floor culture. But these same actions were seen by the members as violating his role as a representative of the VGM who should be acting only with the consensus of the formally constituted partnership. On one side, management insisted that the VGM meet its contractual obligations and pay the charges; on the other, the members (still supporting Nagy to the world outside the group) were privately angry that he had broken their trust.

This situation reached a crisis several months later when the VGM, for the first time, failed to meet a contract deadline. That failure resulted from the lack of cooperation if not outright sabotage by the resentful auxiliary workers, deliberate efforts by the shop management to hinder their work, and dissension

within the group itself. At the point that it became obvious that the VGM would miss the deadline, Nagy went to see the factory director. He tried to "reach an agreement" pointing to the good record of the VGM in the past. When the factory director threatened to disband the VGM, pointing to the "founding contract" which specified that all orders must be fulfilled according to the deadline, Nagy argued that the group's "good credit should count for something." But this appeal to the logic of reciprocity was to little effect in the face of a director who chose to invoke the most narrow interpretation of the letter of the contract.

Informed of that discussion, the members demanded that the factory director meet with the entire partnership. At that meeting, they argued forcefully that the VGM be granted permission to make contracts directly with other Hungarian firms. If they could escape the subordinated subcontracting position, avoid Minotaur as an intermediary, and go "on the open market" (at least for some orders), they hoped to gain direct access to the less difficult, yet more lucrative, types of projects. The factory director refused even to discuss the matter.

Nagy's position as the group's representative was not raised in this meeting. But within a few weeks, the group replaced him with a new representative. The problem was not that Nagy "confused" the terms of contract for the terms of reciprocity. Rather, his abilities to exploit the ambiguities of a situation in which multiple frames of evaluation were contending had reached their limits. His efforts to maneuver through the informal codes of the shop-floor and the codes of the managerial ranks were halted.

Within the culture of the shop-floor Nagy had been recognized indisputably as a "big man." On the shop floor culture, the network of reciprocity operates in such a way that some individuals, over the course of many years, build up such a stock of "credit" that the return of favors to them will still leave the group "indebted" to them. Not unlike the system of reciprocal exchange in Melanesian communities, such workers are "big men." (In fact, the discourse of the Hungarian shop-floor is not so markedly different as workers use the language of "weight" - - referring to those who are "lighter" or "heavier" as a way of indicating position

within the informal hierarchy.) In the culture of the shop-floor Nagy's status rested on his technical knowledge, experience, and bargaining skills, as well as on the many favors that he had done for younger workers over the years. With the creation of the VGM, Nagy sought to gain recognition for another set of talents -- his ability to lead and manage a group.

For Nagy, the VGM demonstrated the group's capacity for profitable performance and it proved his managerial talents. Nagy held these managerial skills in high regard and believed that the demonstration of these abilities led to his undoing by prompting resentments on the part of long-time rivals in the machine shop:

As the representative, I was a scapegoat in the conflict with management. Management cooperated with some people in the group to push me in a position where I couldn't defend myself. The reason is because of J. (the unit manager.) He and I have the same degree -- we're both technicians. (Nagy and the current unit manager started working at the factory in the same year at the end of World War II. J was promoted through the ranks to become the unit manager. Nagy stayed at his machine.)

The former shop superintendent always told me that if someone should be a group leader, I should be the one. But the unit manager never put me in that. I don't mean to say that I would like to be a manager. I would never. But from the unit manager's side there is always a fear that somehow I am competing with him.

Through the VGM it was proven that my managerial capabilities are good. That strengthened the unit manager's hatred towards me. There was one occasion when for another unit we did a project with a completely different method than in the regular hours. Earlier there would be all kinds of problems with the functioning of that machine when it was built in the main hours. With ours there were no problems. It worked beautifully. And when that factory director (for whom the machine was prepared) came to get the tool, the shop manager here said, "Look at the this tool that we made for you. What do you think of it?" And the other guy, knowing that the VGM made it said: "It would be nice if it were like that every time. That's what we would like." You see, it turned out that we, and especially I, can organize things better than in the regular hours.

Whether or not the unit manager "feared" that Nagy "was competing with him," the VGM members began to feel that Nagy should settle his long-standing personal scores through other means, and they began to voice their reservations aloud that Nagy was claiming some of the group's achievements as his own accomplishments:

Nagy is a self-regarded, self-created genius. He does think that he knows everything. He was proud of such things that were accomplished by others. It's the machine-builders who have to lead, coordinate. Nagy took credit for it. He did some managerial work but not he alone. He was responsible for the contract making and in many cases it turned out that he didn't bargain strongly enough. Sometimes he accepted their offers without pressing harder.

The members also began to wonder whether Nagy's goal of rising from a big man in the shop to a big man in the factory was in the best interest of the VGM. In numerous instances they worried:

Nagy was not diplomatic enough, he was too proud, he made it too clear what the group made. He overemphasized what we had done. Good quality, short time. . . His style was too tough in the bargaining. He regarded himself as equal with the managers. And they really hate it when some worker does that.

Most importantly, they became convinced that Nagy had miscalculated the situation:

Once Nagy told a department leader of the factory that he had to talk to him as to the manager of an independent enterprise -- not as a subordinate. It made that guy furious. Nagy should have realized that we aren't on an open market -- if we get a job or not depends on their signature. So even if you know your real stature, you have to keep in mind your situation.

EVALUATING THE SITUATION

In forming a partnership to increase and justify their continued higher incomes, each of the tool-makers, to some degree, linked his identity to that of the group. But in Nagy's case this linkage was special as the identity of the partnership as a group was linked to his person -- Nagy was the representative, the individual who represented the group to others (and, in fact, many outsiders referred to the VGM as "Nagy's group"). It also differed because Nagy was making a move even more daring than the VGM's collective proof by attempting a double conversion of his capital: first, from his position as a big man, a "heavyweight," in the informal culture of the shop floor to a position of prominence in the VGM, and then a second conversion from representative of the VGM to a position of prominence in the "managerial ranks."⁸

These moves were not implausible. Nagy was well-situated, and the situation was well-disposed for him, to attempt this gliding back and forth from one frame to another. The conjuncture of Nagy's interests and those of the group provided the resources necessary to give it a try. In the first year of the group's operation when they were intent on demonstrating their superior performance, Nagy's policy of loudly and widely broadcasting the VGM's accomplishments did not immediately transgress the aims of the partners. And his insistence that he not be treated as a subordinate was justified with the same appeals to efficiency

⁸ It is important to note that this conversion was not a case of simply increasing the total "volume" of Nagy's capital but of converting it from one form, or from one frame, to another. Within the frame, the discourse, of the shop-floor Nagy had an enormous capital. That specific capital would not increase if he were recognized as a "manager;" in fact, that recognition might come into conflict with his role as a "big man." Nagy's case is important because it shows that the concept of capital adopted here should not be taken too literally. As the case illustrates, there is not some universal standard through which the various forms of capital -- and their corresponding frames of social standing -- can be expressed. Different forms of capital are specific to the different and diverse frames of affiliation and evaluation in society and are not like currencies that can be exchanged with each other through a simple formula. Their conversion requires not the exactitude of formulaic equivalence but the unself-conscious skills to exploit those instances where there is ambiguity about which frames are operative.

and performance as those made by the group.

But Nagy's gliding back and forth among the social standings of big man, representative and manager was not free of resistance from the group. As we have seen, the members of the VGM held managerial abilities in low regard. Skill, talents, and abilities -- defined in their own terms as craftsmen -- were the criteria for distributing persons in a hierarchy of status. Yet here, too, Nagy was not entirely without resources. He could claim with all sincerity that he "never wanted to be a manager and never would want to" and quite rightfully point to the fact that he had no managerial title and was, after all, just a worker like everybody else. At the same time, he could use his title as a representative (a "non-managerial" title when it came to his fellow workers) to support his claims to the outside that he should be treated as if he were the director of an independent enterprise. And the ambiguous legal status of the VGM as a semi-autonomous subcontracting unit provided support for both claims. But to be treated as a "manager" of sorts, of a size equal to that of a department leader, Nagy had to behave and to talk like a manager at least some of the time. The more he did so (the more he emphasized that "it turned out that especially I could organize things better") the more he ran into conflicts with VGM members.

At first glance, one might argue that it is obvious why Nagy's project was defeated--by presenting himself as an equal to a department leader or factory manager he had touched the most sensitive cord, he had confronted "power," he had challenged "bureaucracy." In such a view, Nagy's attempt was futile from the very beginning; there was no hope of success. He should have known that he could never get away with such a feat in a state-socialist society. But that is precisely what is wrong with such a perspective--for it requires that we assume without a test that Nagy's project was senseless, that we view him as a Don Quixote, a misplaced person who did not understand the principles of operation in the society in which he lived.

On the contrary, Nagy proceeded not as a romantic or tragic figure but pragmatically, acting "rationally" like most of us in ambiguous situations (which are

more common than not) where no one can calculate with perfect information the chances of success--because ambiguities are not about information, perfect or imperfect. Nagy was living, practically, in the ambiguities of the situation with some skills but not with unlimited resources to exploit those ambiguities. If his efforts were ultimately defeated, it was not because they were fool-hardy. Given the situation, a reasonable person might decide that it was worthwhile to see if the possibilities could be put to a test, to play his cards, to see if he would win or lose. It would depend on how you evaluated the situation. Evaluating the situation entails not only "sizing up the situation" in advance(as when figuring out the relevant value(s) that could be brought to the situation, for not every form of worth can be made to apply, not every capital or asset is in a form mobilizable for the situation) but also actively shaping the process of evaluation(as when maneuvering to use scales that measure some types of worth and not others or making one's account the standard accounting procedure). Evaluating the situation means assessing which frameworks of evaluation(institutionalized discursive practices for determining worth) are actually or potentially in operation and acting to validate some modes or to discredit others.

In identifying the institutional frameworks across which Nagy was maneuvering, we draw on Karl Polanyi's conceptualization of three "modes of economic coordination": reciprocity, market, and redistribution. By a "redistributive" mode of economic coordination Polanyi referred to those economies, such as the early empires of Central America, in which resources were appropriated by some central agency and reallocated back to society. This concept has recently been elaborated to characterize modern economies in which resources are allocated through centralized budgetary mechanisms. The concept is especially useful in analyzing contemporary state-socialist economies because it allows us to specify(with much more rigor than in this brief summary) fundamental processes which are not adequately captured with the more inclusive label "bureaucracy."

With reference to Nagy's problems and prospects, in a redistributive

model, a manager's social standing would be measured by how large his budget is. Together with this single measure other factors (such as the size of the labor force of his/her industrial branch, enterprise, subdivision, factory, or shop; the perceived and politically constructed "strategic" importance of his unit's activity for the economy; his contacts, connections, and access to privileged information; etc.) would be correlated. But basically, to the extent that his budget was larger, a given manager could claim a larger social size than (and be more highly valued by) other managers. A redistributive logic calculates managers' standing as a function not of outputs but of inputs; a manager's relative "weight" is not determined by producing more, nor by producing more efficiently, but by being responsible for reallocating a larger share of economic resources than some other manager. Criteria such as "profitability" (from a market discourse) are outside of, and not strictly relevant to, a redistributive logic.

If the contemporary Hungarian economy were purely or uncontestedly regulated by a redistributive logic, Nagy's efforts could reasonably be seen as having virtually no chance of success. In fact, however, each of Polanyi's three modes of economic coordination are operating in Hungary: redistribution (predominant in the socialist sector), market (predominant in the "second economy"), and reciprocity (operating among workers on the shop floor as well as in the "domestic economy"--for example, in such activities as home building. Moreover, since 1968 and especially in the past five years, elements of a market discourse are appearing within the socialist sector. Redistribution has not lost its dominance within the socialist sector, but actors are beginning to make claims based on market principles to argue that their activities are highly valued. Within recent years, for example, an interesting debate has emerged in almost every sphere (which one can read and hear almost daily in newspapers and on television) about the new "small enterprises"--of which VGMs are one such form. In this debate, proponents of the "small enterprises" are reversing the traditional correlation between the size of the firm and the social stature of its directors. In so doing, these managers use a different standard to measure worth-- not the size

of the budget, nor the volume of production, but the rate of profit is the criterion for evaluating a manager's performance. When measured by this standard, the "entrepreneurial managers" of many small enterprises are "bigger" (they are more valuable they claim) than the "redistributive managers" of the largest and most powerful firms.

In the light of such competing claims about economic "rationality", Nagy's project appears much less irrational. Like the directors of small enterprises he was reading about in the paper, he decided that this was an opportune time to test the situation. Some of the members in his VGM, no doubt, could not understand why he should do so. Others could understand his rationale but questioned whether he had sized up the situation correctly. In their view, market principles were operating only much too weakly within the socialist enterprise for him to successfully challenge the standing of redistributive managers solely with recourse to the language of efficiency:

Once Nagy told a department leader of the factory that he had to talk to him as to the manager of an independent enterprise--not as a subordinate. It made that guy furious. Nagy should have realized that we aren't on an open market--if we get a job or not depends on their signature. So even if you know your real stature, you have to keep in mind your situation.

To the tool-makers, Nagy had misread the situation, confusing his "real stature" in the market framework with a situation inside the enterprise that was still overwhelmingly redistributive. But the tool-makers were not resigned to a subordinate status; and if Nagy was attempting to negotiate through a number of institutional frames, the other partners were also looking to exploit the coexistence of multiple economies:

I would disagree that the group is about to die. The whole VGM story isn't so important for us. It wouldn't be useful to announce that we've stopped. We're still playing the poker game--with a poker face. We are cool. We are not concerned. The one who is cornered is management. If they come with an idea that this and this urgent task should be done, we can say no until the terms are

right. We have our money. They depend on us. They can't kick us out. They need us.

As we shall see in the final section, the Minotaur tool-makers were re-evaluating the situation. Although the partnership had formed as a way to confirm that they were the "cream of the working class," its activities were leading to new identities not in the managerial ranks but as part of a new class in another economy. Medals were for heroes of socialist labor; bigger budgets for the bureaucrat; profits for the private producer. If trade union announcements were on the bulletin boards of the shop, the newspapers on their "desks" were the journals of the "small entrepreneurs". Sizing up the situation, they realized that they could stay in the socialist factory and exit the second economy.

EXIT

After the crisis with Nagy and after learning that management was talking "contract" in one moment while refusing to allow them to make their own independent, outside contracts, the tool-makers decided that they needed to choose a new representative from outside their group. They looked for someone "careerist enough to have good connections" to senior management. They found their man ("I think of my own career. I have to think of my long term interests in my regular job.") in a young engineer employed in the factory unit. Somewhat mollified by the perceived sacrifice of Nagy and eager to support the young engineer in his (perceived) new leadership role, senior management conceded that the group should be awarded subcontracts for domestic orders.

The VGM had come a long way from its earliest phase when the tool-makers had expressed their "groupness" by excluding managers and engineers. But the work partners had not lost a sense of group identity. In fact, they deliberately chose an outside engineer in order to be able to act effectively as a group of workers. Their plan was to refuse to pay the back charges and to refuse

all but the most lucrative projects. If the strong posture invited retaliation, it would have to be directed at the entire group:

Q. When you looked for a new representative, why not someone from already inside the group? Why weren't you the new representative?

A. We were asked, but that would make it very difficult for us-- personally and for the group. Because I'm in an employer-subordinate employee relation to the management. And if I don't behave the way they expect, they can pay it back against me. There are many ways.

If this engineer, an outsider, is the representative, and he says the group doesn't want to make that and that, he can't be punished because he is an outsider. If they press him to accept a task, and everyone doesn't take it, well, that's a fact and everyone has to accept it for that. But if I were the representative, it would be much more difficult for me to say that I'm not able to convince the members. They wouldn't believe it. And if I said I'm not willing, then personally I'm in trouble. Now, with the outsider we can make policy in an impersonal way. The group is responsible, not individuals.

The ability to resist pressure to accept less than adequate terms for their work did not rest simply on the (only seemingly paradoxical) fact that an outside representative facilitated group solidarity. It was also grounded in a fundamental shift in the tool-makers' activity: The VGM had become a shell (not entirely empty as its subcontracts brought in some revenue) for "szisztematikus fuzas" systematically working in the black after the regular hours (on "VGM time") as a group to build machines for private producers in the second economy. If the enterprise would not allow them to make contracts directly with other Hungarian state firms, then they would escape the subcontracting relation to a market that was wide open. They were working in the state's factory, but they were exiting the state socialist economy.

In this new situation, the young engineer held the title of "representative" but no authority: technical coordination was being overseen by the four machine-

builders, and the weight of the group had shifted to the three members who commuted to Budapest from a nearby village-- for it was through them that the group was getting many of its private customers. Nagy had been a representative; the young engineer was an employee of the partnership, a political broker paid for his connections.

This distinction well illustrates the change in orientation of the Minotaur tool-makers. So long as they saw the VGM as a proof, they needed a representative--in the sense of the figure whose identity embodies the group as the part that is the emblematic function(as a worker representing the group that had deliberately excluded supervisory personnel) and his identity was especially linked to the group which to many was known and referred to as "Nagy's VGM". In time the emblem ceased to be an interpreted figure and (as emblematic representation often can) began to interpret the meaning of the group. The problem was not that Nagy interpreted the meaning of the group's "proof" to be the proof of his worthiness(for in this he was merely emblematic) but that he claimed a proof of value(in managerial ranks) that the members did not evaluate as worthy.

So long as they were still operating within the political field of the socialist enterprise, the Minotaur tool-makers also needed a representative--in the sense of an officially authorized delegate. Nagy had filled this function as well; but in his case, the emblematic and delegatory dimensions came into conflict. In the case of his replacement, however, the two dimensions cannot be confused for there is no possibility that anyone would see the careerist engineer as an organic emblem of the group of machinists. But we should not mistakenly conclude, on that account, that the group's rejection of the former sense of representation was for the purpose of more fully realizing the latter. As the emblem comes to interpret meanings, so the delegate comes to interpret interests. When the Hungarian working class it does so on the grounds that it is uniquely qualified to interpret their interests (justified, no less, by scientific knowledge of the laws of motion of History). The tool-makers are certainly not interested in lending

legitimacy to such a system of representation but rather in negotiating through it to maintain the minimum recognition necessary to keep the VGM on the books. With decades of experience in a regime of representation, the tool-makers reason: let the Party exist if it must, but its truth claims are irrelevant and fall on deaf ears. If there must be a delegate, if someone must occupy the position, let it be this young engineer so there will be no confusion about his speaking in our name.

Most importantly, to the extent that they are now taking most of their energies outside the socialist firm and into the second economy, the partners feel no need for a representative in either an emblematic or a delegatory sense. When they finalize the sale of a machine they built for a private producer, the transaction is not about delegatory claims but about profit, not about interpreting the proof of their autonomous skills but about being autonomous. In moving into the second economy, the Minotaur tool-makers, together with much of Hungarian society, are distrustful of interpretation and are moving outside representation. As in the difference between Poland's Solidarity and Hungary's second economy, the tool-makers are not looking for a field of more autonomous action in an alternative public sphere but in an alternative economy. Whether this will be a civil society without a civic sense (built on kin ties and the cash nexus) or some new commonwealth of producers (in which small cooperatives like the partnerships are linked in new associational networks neither market nor redistributive) will be decided by the ongoing contests over worth within and across Hungary's mixed economies.

DOCUMENTATION 1

(Runs as side-bar for section beginning page.)

"WE ARE TOLERATED AS THE FIRE-EXTINGUISHING BRIGADE."

Two years ago when there was no word on VGMs, the shop's products were of poor quality and not on deadline. It's often such that we beg "Don't deliver the tool, it has to be repaired," and the simplest worker from the 20th rank feels himself ashamed in the name of the factory that management delivers the tool.

Q. What's the cause of this?

A. Let me put it briefly. When they get the documentation for an order, they sit on it for two months. They work up the blueprints according to Hungarian norms. I don't know what they do with it -- maybe it is very complicated. Then they try to acquire the materials as fast as possible because already 50 percent of the time limit is up and the deadline is getting closer. The material comes in but only what's available and maybe not what is needed. We use, for example, a bigger piece and cut it in half. And then steps for the real work needed for the job. Only 20 percent of the time remains, counted from the time of the order, for the real work. And then there is the deadline and the quality isn't important -- because of the deadline. We could tell such stories about deadlines that you would think were made up, that it's a joke. But unfortunately, it's true. But these 18 people assured that they can solve difficult problems in time and in good quality.

So, we are tolerated only because we are the fire extinguishing brigade. We step in at the last minute and we can't produce a product of excellent quality because it is impossible at that point. But we can make an acceptable product.

After it's all patched up, everybody else can keep his position, and everything goes along without any changes. If somebody isn't working properly, whether it's a manager or worker -- there's no way to kick him out.

These tasks are very serious ones. And if one proposes that three or four people should do it together -- to do a good job -- they just don't let it happen that way. In the end, the thing comes to us and we say to the boss, "Sir, til now it's not a big success. We can't build a fort on it. What shall we do? Shall we deliver it like this, or not?". And then they say, "Please do something."

They didn't deal with who should have done this or that job at one point or another, and then they are surprised at why the piece can't be corrected after a certain point. Things are not organized properly and the technology doesn't look like what a real work technology should look like. And at that point all the money in the world that you wanted to pour into it wouldn't bring about success. We did our best.

Q. What does it mean to "pour bags of money into it"?

A. I earned that time 30,000 forints. Our department leader came to me, "here's a model of the machine, what can be done?" At that point I was just back from vacation time. I saw that there were problems coming up and I took the holiday because I didn't want to step into that task. But I came back and the whole thing was thrown there waiting in front of me. Please you have to do it. I said to myself, "At this point I can't be dainty. I'll have to get my hands in this dirty stuff, there's no choice." And I said, "Here and here and also here it's not similar to the blueprint." If there's need for welding in the tool, it can't be good. Because these are noble materials and if they weld them it can't be milled properly -- only if reduced quality and a reduction in price.

At the first glance, it seemed quite good but the thickness was not good and this came from the preparation. The tool had started on its way but at one point it ran into a foreman who didn't know what he was doing. Then everyone took a holiday from the shop. I calculated wrong and had to come back and do it.

Q. In overtime or special bonus premium?

A. Both, money came from all sides. They were willing to give anything to have it done. The best would have been to start all over again but that wouldn't have fit into the deadline. In the end it just got by. The Germans accepted it and didn't reduce the price. But I'll never do that again. I earned a lot from it. I don't want to complain. But if many people's work has to fit together and if there is no accurate idea at the beginning, the result is never good.

DOCUMENTATION 2

"ONE'S SECURITY CAN BE INCREASED ONLY AT THE EXPENSE OF OTHERS"

Q. What would be fair?

A. People have different views. Mine is that capability should be the thing. Pay according to skill and not hours. Once Laszlo Brerki said that a piece would take 140 hours -- I knew that he could do it in only 4 days. But it really was worth 140 hours.

In the VGM, the money should be divided evenly but the work shouldn't be divided evenly. The two people with the same type of a skill but one can do the job quicker than the other. They should get the same amount; but one of them will be able to make it in less time. In the VGM there is not such a system like "I'm a better lathe operator than you and so I should earn more than you." But that "I get the same money for less work."

Q. Are there ever conflicts about how people work?

A. It's complicated -- because the group is composed from several skills and there is a human habit that people tend to underestimate the other's work and to regard their own as more useful. That is a difficult thing. . . . In the last price offer the representative was talking with each craftsman for how much he accepts the task, how much time is needed. I also sit down and with my 10 years experience I can define, with a certain risk, the time. But there is a risk too, for the whole group. Because if someone underestimates his time, then it can throw off everything for everybody else. This is a team work, no one can cross fingers against anyone (crossing fingers is wishing bad luck on someone). Because we have a common interest. Once it happened that a colleague underestimated his time and that was his fault and his misfortune, but at the end of the year he was compensated from the common profit.

The men in the shop have a very specialized skill. A grinder could work on any grinding machine, a driller on any drill, etc. But a grinder couldn't run the drill, or the driller the lathe, etc. With maybe about a half a year on another type of machine someone could work well enough on that specialty. But that's not where

the problem lies exactly. The problem is that every task, every new order, is unique. Even if someone knew all of the skills and could run all the machines, he wouldn't be able to say exactly how much time and effort would be required to do a particular job. Even the most experienced man on his own machine might not be able to say in advance exactly how long it will take.

Last year we had to make a piece. I had a look at the drafts. The year before we had had a similar piece (shows us an example, a piece with a curving section). From a quick look at the drafts it looked very similar. In the end, the second job was a negative piece (a type of machine piece) -- and it turned out to be much more complicated. We had to spend much more time than I expected. In the end it came down to only 58 forints per hour because I had underestimated how long it would take.

Q. How do you work out your estimates among each other?

A. We sit down and come to an agreement (doesn't use alku "bargaining"). "That's too much for you." "Give a little here" "I'll reduce my estimate there." and so on.

Q. What is it like?

A. Quite hard. (He shows a piece of paper with 6 names or so down one column and figures down the other column. The smallest figures remain unchanged. But the larger figures have all been written over at least once.) Everyone says how much. Some might overstate by 1,000. And then we start talking it over. I say, for example, "I reduce mine by 150." Someone else says the same. One time, I estimated that my task would take 900 (hours). But during the discussion I reduced it to 750. In the end the job took me 950 hours. I had to take a big loss on that.

Suppose a project with 1,000 hours. Everyone tells how much his task needs. If I know that my task, say like this one here (at the workbench) would be worth 8 hours, I say 12 because I know that then that will insure enough time. If the time limit is too narrow you can be in trouble. Sometimes people play with their estimates. One's security can be increased only at the expense of others'.

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