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FIAT Automobiles Serbia

The Split Moral Economy of Public–Private Partnerships

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In June 2017, two thousand workers at Fiat Chrysler's new car plant in the Serbian town of Kragujevac went on strike. It being summer, the trade unions complained, the temperature on the shop floor had reached 40 degrees Celsius, and the workers could easily hurt themselves. While allowing people to take sick leave, the management required the same production quotas from the remaining workforce, which had already been depleted after an entire shift had been laid off. The strikers thus demanded an easing of the output quotas and the hiring of new workers. They also insisted on a rise in salary from 38,000 dinars (311 euros) to 50,000 dinars (410 euros), that bonuses for the previous year be paid and that the commuting expenses of those working the night shifts be refunded. In the following three weeks, they regularly attended their workplaces, standing by the disconnected machinery. They marched through town demanding that the company management negotiate, triggering close media coverage throughout the region.

Many observers on the left saw this as a welcome return of proletarian politics. They noted how the strike was happening not in a ruined 'social property'[1] enterprise on state support – a familiar figure in the post-socialist Serbian landscape – but in one of the most profitable foreign-run firms, one that was a crucial contributor to the national GDP. This meant a break with the 'defensive' worker protests of the past – hunger strikes and sit-ins for unpaid wages – and a recourse to more 'offensive' labour action, where workers jointly withhold their labour power in order to influence capital (Pulig and Music 2017). The fact that workers seemed to be shifting from being victimized to being self-empowered, from clients to claimants, seemed to promise a more general return of trade unionism and class action. For as the strikers declared, the salary increase would only take up half a per cent of the plant's profits at a time when the average salary was not enough to support a minimum of family expenditure. Thus, the demand for 'decently paid work' constituted an attack on the wider exploitation at the core of capital accumulation in the country, a plea commentators saw as 'simultaneously targeted against the investors as well as against the local ruling class, which does not even pretend that it mediates between workers and employers, but always readily takes the side of the latter' (Lalatović and Stojanović 2017; see also Resanović 2017).

While the strike indeed tried to create a break from earlier labour politics, it got caught up in the larger continuities of local labour's reliance on the state, which eventually meant the action collapsed. First, while the strikers were nominally targeting the management, they were mainly addressing Serbian institutions, as in a series of previous actions. This was not only because the state was a shareholder in this public–private partnership but also because the workers' pleas had fallen on FIAT's deaf ears. From the very start of the strike, FIAT's management refused to talk to the strikers, citing its transnational policy of not negotiating during work stoppages. And whereas this was against Serbia's labour laws, the state institutions tolerated this stand-off, increasingly playing the role of mediator between the two sides but actually pressuring the workers to end the strike. Voicing patriotic economistic arguments that Serbia was losing money with each day of the stoppage, in an atmosphere of repeated fears that FIAT might leave the country for an even cheaper workforce elsewhere, the prime minister became the only negotiator the trade union could approach. Eventually, the three sides met, only to reach a dubious consensus: a salary increase that was smaller than requested and a signed commitment from the trade union not to start any labour actions in the next three years.

Following the works of E.P. Thompson (1971) and James Scott (1976), the concept of the moral economy has long been used to understand the moral obligation to employ that defined the relationship between state, companies and workers in the economies of yesteryear. Less is known, however, about how neoliberal states balance their old social responsibilities with their new role as mediators for transnational capital. This chapter focuses on this plurality of popular expectations around FIAT Chrysler Automobiles Serbia (hereafter FIAT Serbia[2]), a public–private partnership between the FIAT Chrysler Corporation and a post-Yugoslav state. In the quest for a cheaper workforce and an export route into the Russian market, the Italian manufacturer had closed one of its Italian plants and moved production of its new model to the town of Kragujevac in 2011, investing in the old Zastava car factory while receiving substantial state concessions and tax reliefs. Initially blaming the new owner for systematic mass layoffs, local workers and the town's inhabitants soon learned that no preferential treatment could be expected from a foreign private company 'who is here only after profit'. Instead, they doubled their moral expectations of the Serbian state, criticizing it for not granting even bigger concessions and demanding that the state co-finance production of another model to keep FIAT in town. This development illustrates how public–private partnerships (PPPs) not only allocate the economic gains to the private sphere and the risks to the public sphere, as is commonly argued. Rather, they also create a dual moral economy in which paternalism is projected onto the state, while capital is relieved of its social duties.

Splitting Obligations: The Public–Private Partnership as a Moral Economy

The concept of the moral economy did not originate with a focus on proletarian politics but with analyses of pre-industrial uprisings in eighteenth-century England and twentieth-century Southeast Asia. In their different accounts, E.P. Thompson and James Scott both argued against understanding riots as 'simple responses to economic stimuli' – that is, as spasmodic responses to biological deprivation (Thompson 1971: 76). For while hunger was a reason for such rebellions, it was mediated by an overarching set of moral expectations connecting the dominated and the dominant, which the market economy endangered. For Thompson, the liberation of the grain trade upset the traditional provisions for the poor that had been established during the Tudor period, which English uprisings attempted to reinstate selectively. For Scott (1976), an overall 'subsistence ethic' was activated every time stability, rather than the equality of peasant life, was endangered. A 'moral economy' was therefore not necessarily a *virtuous* one; rather, both authors used the concept to distinguish their own approaches from classical 'political economy' theories by bringing into the picture a set of norms, meanings and reciprocal relations that mediated the distribution of power.

In retrospect, what is often flattened in references to Thompson's account as a story of 'morality' are the intricate politics connecting state institutions, farmers and traders, and rebellious crowds. The paternalist laws that were introduced from the reign of Edward VI onwards, Thompson argued, eventually became a sort of institutional default for managing poverty. The authorities could roll these laws back in peaceful periods or reactivate them in tumultuous times to appease the poor. But in turn, such laws eventually shaped a sense of a veritable tradition, generating 'definite, and passionately held, notions of the common weal' (Thompson 1971: 79). Such notions made people so self-righteous that at times they forgot their fears and periodically made the authorities 'the prisoners of the people' (ibid.). When dealing in grain was legalized, for example, the town authorities shared the crowd's rejection of such activities as 'interloping' and even commanded shops that underweighted the bread loaves to give them freely to the poor (ibid.: 107). The mutual implication of state law and popular justice formed a strong 'bread nexus,' as Thompson called it, in early modern England.

However, if the grain dealers of the early eighteenth century complained that they could not expect the kingdom to observe its own laws and protect them from the mob, the situation was fundamentally different a century later, when the authorities' obligations shifted from the poor to the property owners, and paternalist links outside work were downgraded as charity (Thompson 1963). The shift to industrial capitalism was therefore critically mediated by a change in the moralized obligations governing economic life. This was an outcome of historical struggles involving different classes and institutions, rather than a fixed state.

In recent decades, the concept of the moral economy has been expanded to cover the obligation to employ that has defined relations between the state, companies and workers. From post-socialist informal economies to studies of corruption, bureaucracy and trade unionism, new shifts in social relations were understood as reactions to and partial continuities of previous obligations (De Sardan 1999; Rogers 2006; Mollona 2009). As Chris Hann has noted (2018), such extensions became a problem, having many disparate connotations with no connecting thread. He thus proposed the notion of 'moral dimensions of economy,' where moral ideas about work could be related to their historical roots instead. Most importantly, the notion of the moral economy became misleadingly associated with a certain informal, altruistic sociality that was somehow outside and opposed to market relations. However, as Jaime Palomera and Theodora Vetta (2016) have reminded us, all political economies are moral economies inasmuch as changes of property and labour and the relationship between capital and value are always 'metabolized' through a set of moral norms and hegemonic relations. Market relations sometimes repeat and sometimes conflict with the hegemonic moral expectations, and it is in the productive tension between the two that new social constellations are wrought (Muehlebach 2012).

One such constellation that interests me here is the public–private partnership (PPP), a particular corporate form that has come to dominate contemporary economies. Broadly defined as a capital investment made jointly by the public and private sector in a single business venture, PPPs have boomed since the 1970s as a solution to increasing levels of public debt. PPPs include long-term cooperation between states and large, often multinational private firms in infrastructural projects, such as public transport, healthcare and educational systems. They can take a number of forms differing in risk allocations, funding arrangements and transparency rules. One prevalent form, for example, is private investment in public infrastructure, which guarantees the private contractor a permanent share of profits. Another is the outsourcing of public services such as healthcare to private firms, with citizens directly paying the costs as the consumers of such services. PPPs flourished after the IMF and World Bank started imposing limits on public debt. Such schemes not only fund privately what used to be public property, they are put forward as solutions to problems of ‘corruption’ and ‘misgovernance’, especially in countries in the former socialist bloc and the ‘developing world’.[3]

The main criticism of PPPs is that they involve the unequal sharing of risks. The dominant concern is that public returns on investment are lower than returns to the private funders. PPPs are found to ‘conceal public borrowing, while providing long-term state guarantees for profits to private companies’ (Hall 2015: 3). This became particularly evident after the 2008 financial crisis, when the biggest losers proved to be countries in southern Europe, which had the largest numbers of PPPs. Such schemes are also said to reduce the costs of capital for the private investors through their ability to use states as guarantors of their investments. Moreover, the costs of goods are driven up and the transparency of key contracts reduced, often with doubtful improvements to efficiency.

While taking all this into account, here I look at PPPs as a particular *social constellation* with a distinctive distribution of entitlements and obligations among the public and private spheres that govern employment. First, PPPs enact a redrawing of paternalist forms of authority, making them dense sites of traditionalist claims. They abound in conflicting claims regarding the public good. They are at once moral and economic: in the same way that the rioting crowds of the past were driven by both moral outrage and the desire to ‘set the price’ of vital commodities, reactions to today’s PPPs happen in the same two registers, setting the value of labour while voicing indignation. But crucially, this *economization* and *moralization* tend to happen in increasingly disconnected spheres. Seeing PPPs across these aspects allows both what is new and what has changed since their introduction to be detected, in comparison with the preceding moral-economic arrangements.

First, PPPs attempt to change not only funding mechanisms but also the role of the authorities. This often recasts past entitlements as generous empowerments and core costs as voluntary acts – what Dinah Rajak has called 'the corporate gift'. The transformation of paternalist firms in apartheid South Africa into social responsibility-style mining multinationals, she showed, paradoxically led them to 'dispense with (rather than fulfil) their social obligations and externalize (rather than address) their social impact' (Rajak 2016: 930). By providing micro-credits for individual accommodation, the company was relieved of its old role of providing accommodation. By providing its core employees with new types of benefits, it pushed a number of workers into outsourced status. And by promising autonomy to the workers, the company raised its hierarchical status, becoming 'more exclusionary and more contingent than the total and comprehensive paternalism that was once so characteristic of the Southern African mining landscape' (ibid.: 945). The result was therefore a particular form of *giving while keeping*, to use Annette Weiner's phrase (1992): while promising the gift of corporate responsibility, the firm was becoming ever more distant in terms of its past obligations.[4] I take this double bind to be characteristic of all contemporary PPPs inasmuch as new corporate roles are evaluated with reference to earlier forms of authority. As in the riots of the eighteenth century, workers and consumers associated with PPPs strive to selectively evoke traditional expectations so as to confirm their entitlements in the present. However, so do the new owners, reciting the application of former duties of care to new ends.

Secondly, PPPs are sites of competing claims of public good, which often means state and national interests. That much was already evident in Thompson's original account, which cited an anonymous 1718 essay calling all 'jobbers of corn, cattle, and other marketable goods. . . destructive of trade, oppressors to the poor, and a common nuisance to the Kingdom in general' (Thompson 1971: 90). Interestingly, the 'foreigner was seen as receiving corn at prices sometimes below those of the English market, with the aid of a bounty paid out of English taxes'. Hence 'the extreme bitterness sometimes visited upon the exporter, who was seen as a man seeking private, and dishonourable, gain *at the expense of his own people . . . no better than a rebel*' (Thompson 1971: 99, my emphasis). We see the same argumentative connections being made between the interests of the country, the economy and the common man in many criticisms of PPP today. Because foreign–state partnerships are often claimed to be working in the national interest (relieving public debt, employing people, etc.), they are also contested in the same key. Hence, social turbulence around PPPs often proceeds in the form of competing legalisms, patriotisms and étatisms (see Hann (2010)).

Thirdly, public–private partnerships create divergent ethics and quasi-independent social spheres. This is a conclusion Laura Bear (2015) derived from her research on changes in an Indian shipyard, where the state and the market came to be associated with distinctive forms of generative activity. While the workers in public firms engaged in a specific ethos of work sacrifice, the private family firms told stories of entrepreneurial ingenuity. However, this obfuscated the crucial interdependence of public employment, outsourced labour, state bureaucrats and their business friends. 'Ironically, the more bureaucrats and entrepreneurs work together, the more divided in their essential productive qualities they appear to be' (Bear 2015: 80). A key novelty of PPPs thus consists in the selective division and misrecognition of the connection between state governance and private profiteering, patriotic policies and business ethics. This intertwining of different spheres is crucial in understanding how precarity and flexible personhood are fabricated in post-socialist spaces (Kofti 2016).

The situation PPPs create can thus be compared usefully to what Thompson, somewhat misleadingly, saw as a distinction between the 'moral' economies of the pre-industrial past and the 'demoralising' attitude of English political economists. This did not mean, of course, that the latter were unconcerned with the public good. Instead of eradicating virtue from all social spheres, it was only the market that was to be 'disinfested from intrusive moral imperatives' (Thompson 1971: 90). The novelty that PPPs bring to this old liberal motto is their duality: while in their private aspect they become 'amoral', in their public aspect they remain subject to social obligations. The success of new ventures depends on this internal splitting.

'Deal of the Century': FIAT Automobiles Serbia

My focus is on the afterlife of Zastava Cars, a car factory that had been part of the iconic Yugoslav socialist corporation *Zavodi 'Crvena Zastava'*, which at its peak in the 1980s had about 50,000 workers in the Central Serbian town of Kragujevac and up to half a million in associated firms across all of Yugoslavia. The Zastava Corporation produced cars, trucks and armaments, and the car plant completed about 200,000 vehicles a year in its glory days. However, as the wars between the ex-Yugoslav republics started in 1991, the entire complex found itself cut off from its chains of suppliers throughout Slovenia, Croatia and Bosnia-Herzegovina. With hyperinflation and an international embargo, production became irregular and suddenly dropped to only 2% of its 1989 output, and plant usage declined to 5% of that level (Sretenović 2013: 210). This only aggravated the debt problems Zastava had already fallen into in the 1980s, after it had massively borrowed abroad to buy new technology and export the Yugo car models to the US. Together with disinvestment, dilapidation and finally the NATO bombing of Serbia in 1999, which destroyed the most advanced parts of the factory, the production slowdown lasted for more than two decades.

Thus, the transition to the new market conditions overlapped with a prolonged period of a lack of productivity. However, neither of the successive Serbian regimes switched to the capitalist commodification of labour overnight. Rather, Zastava factories became the testing ground for what many saw as 'buying social peace' – that is, compromises between market logic and the need to provide for the electoral masses.

First, in the 1990s Slobodan Milošević's regime continued to finance the larger factories and forbade lay-offs, keeping masses of workers in a semblance of work status but on long-term leave, with symbolic payments. Second, the market reformers inherited some of this tendency through the 'gradualism' of neoliberal reforms in the 2000s. They covered the redundancy payments for workers fired in privatizations and financed many loss-making firms until a 'strategic buyer' could be found. Meanwhile, Zastava Cars and many other firms involved in 'restructuring' survived in a state of prolonged under-productivity, caught between state control and impending privatization. Various deals with German and Chinese investors were announced and then dropped, while the factory only slightly increased its production figures. In the meantime, criticisms of the state abounded, and it was accused of forging false hopes of re-employment.

Finally, in 2008, the Serbian government announced it was selling the plant to FIAT. Soon to become a model for state policies to attract foreign capital by reducing domestic labour costs (Radenković 2016, Adăscăliței and Guga 2020), the deal gave FIAT two thirds of the newly founded PPP, the state becoming the owner of the remaining third. Front-page news, this takeover enabled the coalition led by the then ruling Democratic Party to pump some hope into the country's post-privatization economy. The partnership was announced as 'the business of the century', a deal that would speed up the country's eventual integration into the euro zone. The company was to produce FIAT's new model, production initially being set to reach 200,000 in 2011. The new enterprise would employ around two thousand in the factory itself and around ten thousand in satellite firms in the local area. Indeed, even the mayor of Kragujevac heralded the news and began speaking of the town as the 'Serbian Detroit' (sic!) and the 'Balkan Torino' being re-established.

The venture was called FIAT Automobiles Serbia (in 2014, this became FIAT Chrysler Automobiles Serbia). The transnational company was to invest 600 million euros to start producing a new model, with the Serbian state investing 200 million. As it transpired, the main share of this was provided by a loan taken out with the European Investment Bank, for which the Serbian government became a guarantor. Furthermore, the entire real estate of Zastava Cars was added to the venture, with state subsidies of 10,000 euros alleged to be paid to FIAT for each new worker employed. The company was exempt from employee income tax and social-security contributions, from the profits tax for the first ten years and from property taxes. In turn, the old Zastava Cars remained a separate firm on paper, with no debts transferred to the new FIAT factory. These were to be absorbed through further bankruptcy and paid for by the Serbian state, among others.

I started my fieldwork in Kragujevac in August 2011, less than a year after the full binding contract had been signed between the two sides. Back then, the future of the whole project seemed uncertain. The entire production was stopped so the factory could be rebuilt, the workforce went on paid leave until further notice, and the new model was postponed, its very construction apparently uncertain. Workers counted the unsold FIAT Puntos (the licenced model Zastava Cars made before restructuring) in the car park and compared the figure of some 1,500 employees in FIAT with the size of the former factory's staff. People were constantly being bombarded with news about the factory's reconstruction, yet the most important changes were often the most secretive: nobody knew for sure when mass production would restart, how many vehicles would be produced or how many people employed, or the level of investments involved. It was in this interregnum, when new production was still starting up and the deal began to be seen as 'the fraud of the century' (Turajlić 2009; Ninić 2011), that I started my fieldwork among the local unemployed.

To grasp this double bind, one needs to understand the failed promise of transparency around FIAT. The paternalist form of governance and informal ties of the old Zastava complex had long been seen as messy, inefficient, corrupt and burdened with debt. One would often hear that the Zastava directors had had a special position and that no other factory workers in the country received such 'privileged' redundancy packages.[5] Politicians often pointed to such privileges when calling for the social order to be completely rebuilt *de novo*, with clear standards of accountability where all relations would be transparent. But for many members of these previous relationships, the implementation of new policies seemed partial. Witnessing the newly formed bonds based on political alliances and nepotism, many came to feel that the same old game of networking was being played, but only within the shrinking circles of those in power. The moral economy of the past now seemed not only more inclusive but also more transparent.

Consider, for example, the details of the contract that the Serbian state ministries and FIAT management signed. While the main part of this text was circulated in the media, an annex to the deal, specifying the financial obligations of the two sides, remained hidden from public view. Explaining that the annex contained sensitive information about the new model that the company's competition might use, the integral version of the contract was declared a 'state secret' and only a handful of physical copies were printed, available to two high Serbian functionaries and to FIAT's CEO. When the Council for the Fight against Corruption demanded a copy of the annex, it received a text of over one hundred pages that had been entirely blackened (Spaić 2011). Needless to say, this strengthened the belief that the deal was not in Serbia's public interest. From fired workers to neoliberal economists, everybody seemed to agree that tax-free production and high subsidies extracted wealth from the 'taxpayers'. As the president of the Nezavisnost trade union put it, nobody had seen the contract, yet everybody 'knew' what it contained. Everybody thought the deal was against the state's interests and yet feared FIAT leaving the country after ten years of its presence there (Pressek 2017). Conflicting forms of economic nationalism thus found their expression in relation to the deal. As in various PPPs across the globe (Funnell, Jupe and Andrew 2009), a spectacular lack of transparency dogged the new project.

Obscurity also plagued the way in which the workforce was fired. Initially, the ageing workers at Zastava Cars counted on a promise that FIAT's CEO had given them in 2008, namely that 'nobody is going to be fired'. But when the Italians officially arrived, it was clear that redundancies would follow. At the end of 2010, all employees had to take written tests of their skills while being forced to sign a statement renouncing their right to see the results. About two thousand employees were made redundant without any explanation. That some people had refused to take the test but been recruited to FIAT's workforce nonetheless only strengthened the belief that the aim was not to really test work skills but to enable the removal of those workers who were over forty as 'deadwood'. Some of the fired workers saw the test as the greatest humiliation of their lives. The alleged culprits were many: the Serbian state, which had 'sold off its own people'; FIAT, which had only come for 'cheaper labour'; the 'greedy' Minister of the Economy, Mlađan Dinkić; the local mayor; and the trade union, which was accused of bribery, rumours said.

Finally, hyping the new model coexisted with the greatest obscurity surrounding it. This reached an absurd situation in December 2011, when, aiming to showcase the prototype of the new model but wanting to ward off the competition, the company invited several politicians to drive the new car while it was still covered in a black mask. The sight of President Boris Tadić driving an unidentifiable car for the TV cameras conveyed this obscurity to the utmost. 'Like it's a war plane, not a car,' said one car presser who had been fired by FIAT. Others mused how the whole thing might have been a trick, with the car being assembled from parts brought in from abroad just to fulfil the deadline to extract money from the state.

What the company saw as a precaution, the local public read as a suspicious withholding of information and a breach of obligations. In some ways, this seemed like a continuation of the old games of elite deception and class antagonism, which were very familiar from Zastava times. 'Before, you could say *lisica*, now it is *volpe*,' commented a friend about the opening of an Italian club with the latter name (both words meaning 'fox'), implying that the Italians had only introduced glitzier forms of deceit. 'The Italians are even bigger conmen than we are!' others lamented. In many ways, however, the very *new* horror involving the PPP was the fact that the state had abandoned its obligation to employ the thousands of laid-off workers while at the same time financing what came across as an aloof foreign company. 'With this money they gave to FIAT, they could have financed Zastava too,' complained fired workers I met. Having analysed the total sum of subsidies to FIAT, investigative journalists punned: 'Serbia is the biggest single "foreign" investor' ('Srbija najveći pojedinačni "strani" investitor' 2016).

A Break with the Past: Popular Economization

Such was the initial shock that former workers in the Zastava car factory, now unemployed, experienced with FIAT's arrival. As is typical with changes in the moral economy, these people experienced a 'disjuncture between new practices of exploitation and past frameworks of responsibility' (Narotzky and Besnier 2014: 7). In 2012 and 2013, this resentment slowly gave way to indifference. That is, FIAT's management aimed to create a double break with the past in terms of both the organization of work and the social obligations to the workers. However, that this 'clean slate' succeeded was not merely a result of FIAT's policies. Rather, popular disappointment came to be taken for granted, normalizing private business logic. Eventually, FIAT came to be seen as a foreign corporation solely attracted by cheap labour and potential export links with Russia, a private firm naturally pursuing its own 'interests', and therefore not an entity one should expect much from. In fact, it was the Serbian state that received most of the popular blame, as well as most of the expectations for its relief.

Consider, for example, the practice of job inheritance. In the 2008 election campaign, the Democratic Party praised the new venture as an investment for local young people, ensuring 'the future for our children'. In the same vein, the contracts that the workers signed for their redundancies in 2011 contained a clause that guaranteed their children priority for employment. This clause echoed the intergenerational ties of the old Zastava, where the younger generation followed in the steps of their parents (see Kesküla 2018). At least on paper, this replicated the paternalist legacies of the old factory complex, where the trope of Zastava as a 'family' often extended to actual kin ties on the shop floor (see relatives working in private firms in the chapters by Chaki and Deniz, this volume). The cajoling seemed to work, and many former workers angry with FIAT Automobiles Serbia were nevertheless hopeful that their children might be given a job at the plant. However, their explanation was that children stand a chance not because of inherited family skills but because of a *lack* of them. That is, the policy implied hiring those who had not already been employed in the old factory, as being accustomed to the old ways seemed like a weakness. 'For FIAT, work experience is a disadvantage; they want empty heads,' I often heard. And when the local young people were mostly given underpaid positions in comparison to foreigners, one would often hear: 'Indeed it was all for children, but only those of the Italian managers.'

Even when former workers' children were given notable positions in the new venture, this was cast as a break with the past rather than as continuity with it. Such was the experience of Jana, a friend of mine in her late twenties employed in FIAT's Human Relations department. Jana's mother used to work in a similar role in the old Zastava complex, and her father had been a car presser. Jana was proud of her family connections, but a year into the work she told me that she did not find such connections particularly useful. She mentioned a strange feeling she had when going from her office to the other part of the management building, then still unchanged, where the trade unions were based. The setting there – listening to the radio, drinking Turkish coffee and chattering – reminded her of her school years, when she would visit her father at work in Zastava; she called it 'time travel.' Here, we see how FIAT's attempts to change the space and pace of working created a split in the very experience of the employees. The dilapidated halls and idle workplaces Jana had in mind were not something from the past; rather, they co-existed with FIAT's innovations (Rajković 2018a). Nevertheless the break was persuasive, and even the bitterest unemployed workers expressed their awe when seeing the robots and redesigned shop floors at the 'Family Day' in 2012. 'I can't believe how they fixed the place!' one usually cynical presser told me. The Family Day had been intended to mark the continuity of past workers and their families into the present, but the event produced a rupture instead. FIAT thus functioned as a typical modernization project: creating a denial of coevality (Fabian 1983), it left the still functioning remains of Zastava literally *in the past*.

Advanced technology, stricter work discipline and clear personal interests: this is what FIAT became notorious for but also positively associated with. In fact, such stereotyping emerged partially 'from below' in response to the long-standing ambiguities of belonging in Zastava. Many workers remembered the company as ‘our second home’, a romanticized community of extended kinship, sharing and camaraderie (see Dunn 2004; Bonfiglioli 2020). But the selective involution of informal bonds that accompanied the market reforms made many collective identifications seem untruthful and exploitative. Former colleagues turned into nasty competitors for new jobs, and Zastava came to be seen as ‘both a mother and a stepmother’ – that is, a provider of both care and stress, welfare and illness. As a result, a pervasive popular common sense came to normalize personal interests as the only real social force behind any common project. The only way for people to relate, many working-class men and women told me, was to understand that ‘we all have personal interests’ first (Rajković 2018b). FIAT was, at times, seen as a perfect teacher of such individualism.

‘There are no interpersonal relations on the new shop floor, and there should not be any,’ one painting technician who went from Zastava Cars to FIAT told me. ‘When people socialize at work, they start to cover for each other, and compare and envy each other.’ Another presser told me that ‘you could not have friends anymore, only family’. In such discourses, friendship and work were to be clearly separated, otherwise problems would arise. Sentiments and interests were thus increasingly seen as what Viviana Zelizer (2005) called ‘hostile worlds’ – and FIAT came to be accepted as teaching the values of the proper compartmentalization of different social spheres. And when the factory took over sponsorship of the local basketball club, some welcomed this disciplinary attitude. ‘Zastava funded *Radnički* for no results. But FIAT told them: first play well, then we will sponsor you,’ one IT worker, himself a son of Zastava workers and a fan of the club, commented approvingly during a game.

A shift also happened in trade union activities, as they learned what and what not to expect from the new management. In this regard, their situation resembled the changing expectations workers typically have when their factory goes multinational. When Spanish steel factories became the property of the global giant Acelor-Mittal, for example, the trade unions quickly learned that ‘central managers do not care about what happens to any individual plant, nor, obviously, to its workforce’ (Narotzky 2016: 27; see also Mollona 2009; Kasmir 2014). The new multinational structure also meant more complex trade-union negotiations, as victories by one union implied the demise of another on the other side of the globe. Serbian workers were well aware of the transnational interdependence that had grown up since FIAT’s arrival: as was widely publicized, FIAT threatened the workers in its iconic Mirafiori factory in Turin with relocation of the new model’s production to Serbia if their trade unions did not relent. It was only when they refused that FIAT signed the agreement with the Serbian government. The inhabitants of Kragujevac thus said that 'FIAT betrayed its own workers, so why it would care for us?' The average salary of 350 euros – above the Serbian average in industry but four times less than in FIAT's Italian factories – made the local unions aware that the main attraction of their members is that they are among the cheapest workforces in Europe, competing only with Asian workforces.

Through series of ruptures, therefore, FIAT came to be seen as the embodiment of the 'pure interest' logic, in opposition to the mixture of interests and sentiments associated with Zastava in the past. As Valerio Simoni argued for Cuban migrants in Spain, it is at the interface of 'conflicting regimes of value' – socialism and post-socialism, past and present, national and transnational – that differing moral economies are clarified, reflected on and evaluated (Simoni 2016: 454). Likewise, some of Kragujevac's workers saw the changes introduced by FIAT as normal, as what was to be expected from a private investor: this was an act of popular economization, a normalization of the market and wage labour. And, as in Simoni's case, what was being defined was the 'divide between the "economic" and the "social"... a divide between two radically different spheres of value and models of being, cast here as incompatible' (2016: 465). However, in the case of the PPP that created FIAT Automobiles Serbia, this divide was projected onto two discrete spheres of production and authority: the 'amoral' private sphere and the 're-moralized' state sector. If the FIAT side was seen as expectably interest-seeking, the state had to compensate for this with new social roles. I now turn to these continuing legacies of state welfarism in Kragujevac.

Plus ça Change: Continuing Étatization

European welfare states, Steffen Mau has argued, cannot be explained merely in terms of a logic of self-interest governing monetary contributions. Rather, they consist of shared sets of social norms and moral expectations and govern how giving and receiving are imagined. The promotion of a self-interested actor, *homo economicus*, has thus always been followed by a complementary *homo reciprocus* in post-Second World War history (Mau 2004: 35). This moralization of redistribution by the state – as in pension and healthcare provision – was not simply anti-market. Rather, as Karl Polanyi implied with his notion of 'double movement', each advance of market deregulation since the eighteenth century has been followed by attempts to attend to the social dislocations that result from it (Polanyi 1944). From early syndicate politics through protectionist states to the New Deal and even fascist states, welfare institutions attempted to close the gap between the economic and the social that had been opened up by the 'great transformation'.

East European socialist states were, of course, not simply welfare states but tried to erase the liberal binary between the 'economy' and 'politics', labour and welfare. This meant that employment was a means not only to activate the workforce but also to place people in a total social system that attended to the needs of both production and population (Collier 2011; Hann 2014). Employment status, for example, defined 'economic interests, social status, and political loyalty of Yugoslav citizens . . . one's place of work was the centre of one's social universe' (Woodward 2003: 76). This labour nexus suffered a huge hit during the period of hyperinflation, war mobilization and embargo in the 1990s, and again in the systematic market restructuring towards the end of that decade and in the 2000s. Yet what happened was not simply a matter of 'state withdrawal'. Rather, various governments kept interfering in contingent ways, making large parts of the population increasingly dependent on state support after privatizations (see Read and Thelen 2007). In Kragujevac, ambiguous state interventionism spread in parallel with redundancies.

In 2010, workers sacked after FIAT's arrival held dramatic mass protests and occupied City Hall, accusing the authorities of not fulfilling their promises to secure all jobs. They eventually achieved an ambiguous concession. Aside from a small number of people who were re-employed in the few existing Zastava Group's firms or who qualified for the government's pension buyout programme, workers were given the option of taking a state-funded lump sum of three hundred euros per year of past work, together with extra monthly payments over the next two years. This provision, which was unique in Serbia and which about nine hundred people chose, was roughly equivalent to the minimum wage in Serbia at the time (around 150 euros). After the two-year period, the National Employment Agency would have the obligation to find these people a job in local firms, presumably as FIAT's partner firms were opened. Meanwhile, those benefiting from these payments were expected to attend a series of educational courses and training programmes, half their monthly payments being conditional on regular attendance. The state therefore took up the funding of redundancy schemes arising out of FIAT's arrival, as well as responsibility for the relief of the social dislocations caused by the privatization.

A similar reassertion of paternalism pervaded the functioning of Zajedno za Šumadiju (the political party 'Together for Šumadija') that formed the local government. On the one hand, critics accused it of partocracy and loading the town's budget with debt. The mayor, Veroljub Stevanović, was rumoured to be receiving a percentage of all deals with investors and controlling every business in town, drawing up lists of those who were to be employed in the new firms. On the other hand, Zajedno also organized a soup kitchen for the poor and free public concerts, as well as finding informal solutions for social problems. People would go and visit the mayor in his office early in the morning to ask for a job. Indeed, čiča Verko (Uncle Verko), as he was often called, sometimes solved various 'social' issues publicly on a case-to-case basis, as when somebody's medical insurance had not been paid by their firm. The largest employer in town was not the car industry but the public sector, which partially absorbed unemployment after the Zastava factories had been closed: in comparison to some two thousand workers in FIAT Automobiles Serbia, the public firms employed twelve thousand. Thus, the Zajedno party acquired a complex reputation as at once dispossessor and protector. The party was often seen as a 'clan' one needed to connect with in order to get any job, as well as being a more familiar face of the state than the authorities in Belgrade, fixing the injustices carried out on the republic-wide level (see Thelen, Thiemann and Roth 2014).

Such practices were not simply remnants of the old socialist moral economy. Rather, the state acquired a new centrality amidst the job insecurity, both as the key intervener in labour markets and as a highly moralistic arbiter of what people deserved (Rajković 2017). During my fieldwork, an accountancy teacher advised unemployed students to 'find some state interest, in order to find an interest for yourself' when making project applications, and the state's campaigns increasingly co-opted the language of the unemployed in order to condemn everyone else as idlers. People needed to claim discursively that they were in some way valuable to the state in order to make any claim to its distribution. The political change of 2012 that saw the Serbian Progressive Party come to power only speeded this up. Its leader, Aleksandar Vučić, cited Max Weber's Protestant work ethic as something that lazy Orthodox Serbs should aspire to achieve. Changes to work habits were both economically necessary and reformed the nation morally. Yet the state continued to subsidize foreign companies while turning a blind eye to a variety of breaches of the labour laws.

Meanwhile, the situation at FIAT's car factory had also changed. In 2016, when sales of the new model plunged, the trade unions insisted that the Serbian government should co-finance the production of FIAT's new model to prevent capital flight and keep employment in the country. While the state did renew a contract for another ten years, its high functionaries changed its expectations of the workers. In the strike of 2017, for example, the prime minister castigated the workers for the stoppage, saying that with each day of the strike Serbia was losing its GDP. One of the ministries' consultants advised workers to 'fight for a new model, not for wages and pork chops' (B92 2017). The post-socialist state's allegiances shifted to the side of capital. As a Serbian state commercial on CNN put it, on offer were 'high-skilled, low-cost workers'.

Conclusion: A Double Game

By focusing on FIAT Chrysler Automobiles Serbia, in this chapter I have argued that PPPs should be understood as a specific modality of the moral economy, in order to determine what is old and at the same time what is new about them. PPPs transform previous forms of authority and obligation, and they are criticized for their selective protection of traditional entitlements. They are simultaneously economic and moral, setting the price of labour while expressing indignation at the change of ownership. They invite a plethora of competing claims to public good and patriotism. But crucially, they do so by splitting obligations: while investing the private partner with the logic of 'pure interest', they 're-moralize' the state. Freeing capital of its old social duties, PPPs double their expectations of nation states.

Liberal reasoning is often understood as perennially split, balancing between 'pure gifts' on the one hand and 'pure commodities' on the other. As Jonathan Parry argued, modern giving rewrites archaic social reciprocities by separating the economic from the social, with the centralizing state becoming the grand controller of distribution (Parry 1986; see also Carrier 1992). A focus on the PPP as a split moral economy helps us understand this Janus face of the new economies. PPPs are not sinister simply because they load state apparatuses with debt in the form of subventions to capital, as is conventionally argued. Rather, they incur a double debt in the sense of the state providing what the market rejects, possibly generating criticisms of failing states. But national leaderships can also refashion this role of the benefactor as that of a creditor to the population, thus twisting the arm of those it had formerly protected. It is by following what happens in these seemingly disconnected but crucially intertwined spheres – the supposedly 'amoral' market and the ambiguously 're-moralized' statehood – that we can understand the new double games of market integration.

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Notes

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1. Social property meaning the institution of Yugoslav self-management under socialism, involving what was neither a state property nor a private one but one belonging to the entirety of the 'working people' and managed by work councils. It was created in Yugoslavia as a way of distancing itself from USSR-style socialism after 1948, with the federation searching for a democratic 'third way' of socialism.
2. The company was called 'FIAT Automobiles Serbia' until 2014, when the global merger of FIAT with Chrysler took place. Nevertheless, it is still recognized only as 'FIAT' in Kragujevac and Serbia, for which reason I will use the earlier designation here.
3. Especially across Latin America, with regard to the privatization of industries and vital resources, such as water.
4. This redistributive shift is discussed in detail in my book manuscript, *The Gift of Work: Indebting the Social in a Post-Yugoslav Factory* (n.d.).
5. Fired workers of Zastava received, as a deal, 45% of their wages between 2001 and 2007.

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