

4 Workers in Workers' States

In Chapter One, I specified the essential character of capitalism through a comparison with feudalism. This comparison has two advantages: first, feudalism was an actually existing social formation; and second, its existence was untainted by the capitalism that followed it. In Chapters Two and Three we undertook a series of comparisons within the framework of capitalism outlined in Chapter One. We now come to a third, often unarticulated, comparison which is always presumed in Marxist expositions of capitalism. Whether it be the capitalist state, the capitalist family, the capitalist city or any other capitalist institution, there is an implicit contrast with a real or imagined socialism which gives the analysis its critical moment and political significance. It is all too easy to shy away from the problems this presents, to bury assumptions in a cavalier 'obviousness' and to retreat into the misleading comparison of the realities of capitalism with some idealized version of socialism obtained through repudiation of all we find repellent about capitalism. Critique becomes sufficient unto itself, a substitute for analysis of the limits of the possible, of what is feasible in the best of all worlds, and of the possibilities within limits, of what is feasible within the parameters of the existing order.¹

This refusal to address the meaning of socialism is particularly apparent in the study of the labour process. Whatever is taken to be the defining feature of the capitalist labour process is mechanically inverted to yield a productivist vision of socialism.² Work becomes the arena of emancipation to the exclusion of all else. Thus, if the capitalist labour process is defined by the separation of conception and execution, then the socialist labour process must be the obverse — the reunification of conception and execution; if the capitalist labour process is defined by deskilling, then socialism must herald the restoration of the craft worker — a romantic resurrection of the past; if the capitalist labour process is defined by hierarchy, then the socialist labour process is defined by the abolition of

hierarchy; control by capital gives way to control by workers. And if capitalist technology makes it impossible to realize workers' control, the abolition of hierarchy, or the reunification of conception and execution, then a new technology will be required to inaugurate socialism. In each instance the realities of capitalism are juxtaposed with some utopian construction of socialism obtained through the miraculous abolition of, for example, alienation, atomization, subordination.

All too often there is a systematic failure to examine the technical, political and psychological conditions of such unarticulated utopias, and whether it is at all feasible to combine all that is deemed 'good' or to eliminate all that is 'bad'. In other words, there is an aversion to looking upon socialism as a system, as an organic whole with its own contradictions and its own distinctive combination of positive and negative. This aversion is powerfully present in Marx and Engel's contempt for the study of utopias, which has had at least two unfortunate consequences. First, apologists for the Soviet Union can claim it as *the* incarnation of socialism or even communism. Second, critics of the Soviet Union can dismiss it for not living up to some ideal. It becomes instead a perversion of capitalism (state capitalism, state monopoly capitalism, bureaucratic state capitalism) or a corruption of socialism (degenerated workers' state). Failing to confront the nature of the socialist project, theorists withdraw into the explanation of deviations from some putative ideal type. We hear a great deal about historical legacies, conjunctures, personality cults, leadership errors and so on, but very little about the actual nature of actually existing socialism. Whether Soviet-type societies harbour the possibility of dreams or the realization of nightmares, their history and their future cannot be ignored. Moreover, the assessment of capitalism is fundamentally incomplete without an assessment of what Nuti has called socialism on earth.

What then shall we mean by socialism? Two distinct periodizations of history can be found in Marx's writings. At certain places, the fundamental break is between capitalist and pre-capitalist societies. Here capitalism's decisive feature is the separation of state and civil society. Socialism is organically linked to capitalism: it is born in capitalism's bowels. Elsewhere, however, the fundamental break is marked by the rise of an emancipated society in which people make their own history — that is, collectively participate in determining their own destiny. All previous history, or 'pre-history', is made against its subjects, despite them, behind their backs. A necessary but insufficient condition for such a collectively directed society is the

reunification of state and civil society. Thus, in the terminology of this book, all socialisms have the characteristic feature of fusing production politics and state politics. The fusion may be from below, in which case the guiding force comes from organs of producers in a system I call *collective self-management*. Or it may come from above, with central organs providing the directing force in a system that I call *state socialism*.

To define socialism in a way that does not necessarily involve working-class direction of society or some form of workers' control is controversial, so let me offer some preliminary justifications. First, such a framework permits the examination of actually existing socialisms, and does so, moreover, in a way that does not embrace any theory of convergence. Indeed, the next section of this chapter highlights the differences between an economy based on centralized redistribution of goods and services and one based on private production for profit in a market. In subsequent sections I show the implications of central planning for the development of different factory regimes. While it is true that capitalism and state socialism have both supplemented their own system with features dominant in the other, the consequences of such 'transplants' are decisively different in the two new homes. On the other hand, the repudiation of convergence theory does not imply acceptance of the alternative 'divergence' theory — namely, the distinction between a command economy and a market economy. Nor does it mean that I subscribe to the now fashionable focus on informal relations and bargaining structures which permeate state socialism.³ Although this switch of emphasis is an important corrective to the totalitarian stereotypes, I argue in sections 3 and 4 that neither bargaining nor despotic institutions can alone capture the dynamics of state socialism. Rather, bargaining and despotism are inextricably interwoven, producing and reproducing each other in accordance with the dynamics of state socialism.

A second advantage of our framework is that it permits analysis not only of actually existing socialisms but also of alternative socialisms that have not existed in stable forms for any length of time. Thus, we are able to examine state socialism and collective self-management as well as the relationship between the two. Indeed, I shall claim that each generates social forces leading in the direction of the other. Finally, the characterization of state socialism as one but only one species of socialism serves to break down the unilinear view of history in which the only post-capitalist future is a definitive socialism and all that lies between is in transition from one to the other. Just as

capitalism can take different routes into the future, the same is true of state socialism.

1. Capitalism and State Socialism

Our first task must be to outline the relations of production which define capitalism and state socialism — that is, the distinctive mechanisms through which surplus is pumped out of direct producers.⁴ Only in this context will we be able to comprehend the different forms of production politics described in the following sections. At this point, therefore, we are not concerned with the differences between and within state socialist societies, nor will we attend to the combination of state-socialist, capitalist, petty-commodity and domestic modes of production found in East European countries. These will be the subjects of subsequent sections, where we spell out some of the features of one particular East European society. For now, we are concerned to develop two ideal-typical models which do not necessarily correspond to any given reality but represent the essence of capitalism and state socialism, from which we can understand their concrete manifestations.

Relations of Production

A mode of production is a way of appropriating surplus from direct producers. Under capitalism surplus is appropriated *privately*. It takes the form of unpaid labour time — that is, labour expended beyond that which is necessary for the reproduction of labour power. Under state socialism surplus is appropriated *centrally*, by the state. Surplus is the difference between what is appropriated and what is distributed back to the direct producers in the form of wages, benefits and subsidies. Whereas under capitalism the unit of production (the firm) coincides with the unit of appropriation, under state socialism the two no longer coincide.

Under capitalism surplus labour is realized as *profit*. Without profit a firm cannot survive. *Markets* serve as mechanisms for the allocation of inputs and the distribution of outputs. Markets provide the basis for the *competition* among firms that determines which shall be profitable and which shall not. Using Kornai's terminology, capitalist firms face *hard budget* constraints. Under state socialism the *plan* guides the flow of inputs and outputs of production. The planners represent a class of teleological — that is, purposeful — redistributors whose interest it is to maximize the appropriation of surplus from the direct producers

via the firm.⁵ A system of *plan bargaining* between the central redistributors and the enterprise directors determines the plan *targets* and therefore the eventual success or failure of enterprise production. The enterprise, however, does not have to meet stringent financial criteria of efficiency. Instead it faces *soft budget* constraints. Its performance is assessed by redistributors who are in *paternalistic* relationship to the firm.⁶

Profit levels are the product of the activities of all competing capitalists and are thus beyond the control of any individual capitalist. Market forces lead capitalists continually to innovate, to intensify labour or reduce wages in order to keep up with competitors. The price of a product emerges independently of the activity of a single capitalist. Under state socialism central planners set the parameters for the evaluation of performance. Because of soft budget constraints and the notorious and inevitable ambiguity of plan indices (production value, cost reduction, physical quantity, value added, and so on), enterprise management may have considerable room to manoeuvre. Hence, just as the *profit motive* leads to the production of waste, so *plan fetishism* too dissociates what is produced from what is needed. The enterprise produces long nails when the criterion is length, fat nails when the criterion is weight, according to labour-intensive production processes when the criterion is value added, and so on. Except where there is no product differentiation (gas, oil, coal), a physical plan can never be centrally specified in the detail necessary to avoid distortion.

Capitalist competition finds its analogue in state socialism's plan bargaining. Enterprise directors bargain with the central planning agency for a loose plan that can be easily fulfilled. Thus, enterprise directors conceal information, underestimate their plant's capacity, hold back the reporting of production achievements. If a director manages to negotiate a loose plan he will limit levels of overfulfilment; a taut plan encourages considerable underfulfilment in the hope of achieving a looser plan in the next period. Such 'restriction of output', analogous to shopfloor goldbricking and quota restriction, also serves to accumulate 'kitty', or unrevealed production, for the next period.

Under capitalism firms attempt to contain the pressure of competition through the formation of trusts, cartels and the like. Competition itself deals a death blow to many smaller enterprises, leading to *concentration and centralization* (although at the same time small competitive enterprises, often based on labour-intensive production, are continually produced even in the era of monopoly capital). Equivalently, socialist enterprises seek to increase their

power vis-à-vis central planners through *expansion*. The bigger they are and the more important their product, the greater their bargaining strength. There are tendencies toward concentration through the appropriation of investment resources and centralization through backward integration to control supplies.

The capitalist firm makes investment decisions on the basis of profitability, leading to cycles of over-production, surplus capacity and reluctance to undertake new investments. Under state socialism, soft budget constraints and pressures to expand lead to an insatiable investment hunger. *Over-investment* predominates. Nuti and Kalecki see over-accumulation in state socialist societies as the result of deliberate and autonomous decisions by planners, by the class of teleological redistributors.⁷ Bauer and Kornai provide a more convincing institutional picture of plan bargaining as the source of over-investment. Whereas resources necessary for reproduction at existing levels can be stipulated by central planners, the resources for new investment projects are more difficult to assess. Therefore, despite the common interest in expansion shared by central planners and enterprise directors, the allocation of investment resources is subject to fierce bargaining rather than unilateral determination.

Bauer provides a theory of investment cycles which shape the rhythm of economic development in state socialist societies. In seeking state approval for their investment projects, enterprises draw up low outlays for the first year. Once they are 'hooked on to the plan' — once the state has granted initial support — investment outlays climb rapidly in subsequent years. The result is an investment cycle of four phases: 'run-up', when investment projects are begun and investment outlays are within the bounds of the plan; 'rush', when the financing of these projects and the starting of new ones generate considerable investment tension; 'halt', when the rate of approval of new projects falls to zero. At this point the intensification of shortage is felt throughout the economy. The expansion of investment resources is achieved at the expense of consumption and/or worsening of the balance of trade. In the final phase, 'slow-down', existing projects may be suspended until the growth rate of completed projects exceeds the growth of investment outlays. Investment tension begins to fall, consumption and balance of trade move toward their earlier levels, and pressure builds up to allocate resources to suspended or postponed projects. The cycle begins anew with 'run-up'.

The escalation of investment demand becomes the driving mechanism behind shortages in all goods and services needed for production. This is as true for labour as it is for raw materials and

capital equipment. The growth of state socialist societies intensifies the demand for labour, so that reserves become exhausted and labour shortage prevails. Full employment is not so much a policy decision as it is the outcome of the drive for expansion through investment bargaining under soft budget constraints. Capitalist investment is based on profitability, and hard budget constraints are upheld through market competition. Here there is a tendency toward the unemployment of resources, not least that of labour. In other words, there is not a single equilibrium position where supply equals demand; as Kornai argues, there are two positions: the socialist economy, in which supply acts as a constraint, and the capitalist economy, in which demand acts as a constraint. At the same time, each system adopts features of the other to soften its constraints. Thus, the capitalist *state* provides unemployment compensation, protects workers against arbitrary depredations of capital, and creates new jobs, all of which boost *demand*; while under state socialism the promotion of domestic production, petty commodity production and small private enterprises operating through *markets* alleviate *shortages*.

We can now explore the effect of the relations of production on the dynamics of the labour process. Under capitalism there are strong pressures to increase relative surplus value through marginal increases in productivity, work intensity, technological innovation and lower wages. We can discern long-term changes in the organization of work within a given industry. In the short term, competitive pressures and demand constraints lead to cycles of expansion and contraction in production and also in levels of employment. Are there corresponding pressures under state socialism? Pressures for secular change stem from the hierarchical relationship between firm and enterprise as well as between enterprise and state. Central enterprises or ministries, because they can never be sure of the actual capacity of a given firm, operate on a ratchet principle in which yearly norm cuts are normal. Over the long run, if firms are to avoid being squeezed they must either garner new investment resources for new machinery, attempt to organize production more efficiently, or change their product (since a new product means new and hopefully looser norms). Once the annual norm cuts are regarded as a fact of life, manager and workers share an interest in increasing productivity.

In the short term, however, supply constraints and dictates from central planners generate uncertainty in the labour process itself rather than in levels of employment. In a shortage economy enterprise directors, when they are not bargaining with their bosses, are competing for supplies — materials, equipment and services as well as

labour. Enterprises search and queue for scarce resources. They hoard when possible, thus exacerbating shortage. If they are not successful in any of these strategies, they may be forced to substitute one input for another or even to alter the output profile to match the available inputs. All such manipulations involve uncertainty in the labour process: first, the irregular arrival of supplies leads to the continual reallocation of the temporal sequences of production processes; and second, spasmodic changes in the form and quality of supplies require continual reorganization of work and resetting of machines. These temporal and compositional uncertainties due to supply shortages are often compounded by changing dictates from the central planning agency, continually updating the plan in the light of unanticipated bottlenecks. Product mixes change suddenly and arbitrarily. Finally, the attempt to meet plan targets leads to the phenomenon of rushing or storming, in which the bulk of production is crammed into the last quarter of the plan period. The pace of work may be relatively slow for the greater part of the year but pick up a wild tempo in the last few months to fulfil output norms.⁸

The anarchy of the capitalist market finds its analogue in the anarchy of the socialist plan. Under capitalism demand constraints make themselves felt through the absorption and expulsion of *labour power*. Under state socialism supply constraints generate continual reorganization of the *labour process*. The fluidity of task structure and the continual need to redistribute workers among machines makes it very difficult to deskill production — to separate conception and execution. Where this does occur it often requires an army of auxiliary workers to orchestrate improvisation. The need to respond frequently and rapidly to changing requirements gives a great deal of power to the skilled and experienced workers, who over time develop a monopoly of knowledge essential to the running of the enterprise. From the management side the penetration of external uncertainties onto the shopfloor elicits two strategies. On the one hand management can seek to reward cooperation, particularly of the core workers; on the other it can intensify surveillance and control, particularly over the more peripheral workers. The Stakhanovites used a combination of these strategies — rewarding the super-worker while driving those whom he or she led.

As with our study of the capitalist labour process, the guiding question turns from why workers under state socialism restrict output and operate at a low tempo to why they cooperate in production at all. We observed how, under capitalism, the despotic regimes gave way to hegemonic regimes as the economic whip of the market was softened

by unemployment compensation outside the factory and the arbitrary dictatorship of the overseer was contained by grievance machinery and bargaining rights inside the factory. Has there been any corresponding change in production politics under state socialism? Has the anarchy of the plan been tamed in a way analogous to the taming of the anarchic market?

The Hungarian Reforms

The development of the planned economies of the Soviet Union and Eastern Europe is conventionally divided into two periods. In the first, *extensive* period, primitive accumulation was completed and workers were separated from the means of production through collectivization of agriculture and absorbed into the socialist sector as wage labourers. During this period, in the Soviet Union — the picture is less clear in post-war Eastern Europe — draconian labour legislation penalized quitting and absenteeism, work books were introduced to regulate the flow of labour, and performance at work was linked to survival outside work through piece rates and the distribution of housing and food rations.⁹ The second, *intensive* period began with the emergence of labour shortages. At least in certain countries of Eastern Europe, the distribution of basic subsistence goods, particularly housing and food, independently of the enterprise and of the worker's performance within it, brings increased autonomy for labour. Coercive forms of control are no longer so widespread; but how then do the new factory apparatuses elicit cooperation on the part of the workers?

The transition from extensive to intensive patterns of accumulation has implications not only for labour but also for the direction of the economy as a whole. Shortage of labour exerts pressure toward labour-saving production techniques. More generally, scarcity leads to more efficient utilization of existing resources rather than the excavation of new ones. Thus, the transition has often been linked to the economic reforms of the 1960s, which attempted to decentralize decision-making by granting autonomy to enterprises and introducing market-type incentives. However, as Nuti has been at pains to emphasize, there is no necessary linkage between the two since the reforms depended on a certain liberalization of the public sphere.¹⁰ Where such liberalization was autonomously forthcoming it established the conditions for reforms but, as in Czechoslovakia, was then repressed with military force. More usually, economic pressures

(often related to the investment cycle) built up for decentralization, but the corresponding institutional change would have required at least a limited opening up of civil society. Since this was not forthcoming, the planned decentralization led to increased anarchy and inflation, prompting recentralization, and the cycle would begin anew. This was very much the character of reforms in the Soviet Union and Poland in the 1960s. Only in Hungary did they have some staying power.

The principal features of the New Economic Mechanism, introduced by the Hungarian reforms of 1968, were as follows. Central specification of enterprise production and sales plans was abandoned, and enterprises were permitted to determine their production profiles on the basis of contracts with customers. With a few exceptions, central allocation of material inputs ended. One-year operational plans disaggregated to the enterprise level were discontinued, and the five-year plan was to provide overall guidance for the economy. Central allocation of investment resources was changed to a system in which self-financing from profit was supposed to play an important role, although central supervision of investments remained strong. The chief objective of the enterprise was to be the pursuit of profit. The reforms introduced greater flexibility of prices, and administrative changes encouraged the export of products to socialist and capitalist markets. Finally, central direction of labour was to be lifted and centrally fixed wages ended, but average wage levels were to be severely constrained through taxation.¹¹

Does this add up to a transition to state capitalism? Are enterprises endowed with the autonomy to accumulate from their own resources? Has profit become the criterion of investment? This is indeed Bettelheim's claim in his analysis of Soviet-type societies in the contemporary period.¹² Yet such a conclusion exaggerates the effects of the reforms and fails to examine their operational context. The party still plays a leading role in facilitating and shaping inter-enterprise relations, while ministries continue to have a significant say in the allocation of investment and the determination of product mixes — decisions which only weakly respond to profits.

Plan bargaining continues, although its content has been modified. Profit is incorporated as a criterion of enterprise success. Yet the survival of 'state paternalism' entails that budget constraints remain soft. Profit is not a measure of efficiency but reflects price adjustments and bargaining among enterprises and between enterprises and the state. In other words, the introduction of profit has been used not to eliminate the hierarchical relations between planners and enterprises

but to change the content of bargaining within those relations. The language of bargaining has also shifted from physical quantities to cash flows, yet it is the former that ultimately govern transactions. Budget constraints, while harder than before, are still soft. Physical and human resources, not financial solvency, remain the real constraints. The distinctive features of a shortage economy are still present: sellers continue to dictate to buyers, who queue, search, hoard and enter into forced substitution of inputs and outputs. The same patterns of rushing and vertical integration are observed, even though enterprises are more independent and not so completely absorbed by plan fetishism.¹³ To the extent that the reforms have led to decentralization and greater enterprise autonomy, horizontal relations have assumed greater, and vertical relations less, importance. That is, greater enterprise independence from central planners has been accompanied by greater dependence on regional party apparatuses, particularly the regional secretary, whose assistance is essential for coordinating inter-enterprise relations.

The reforms therefore appear not to have significantly affected those problems of labour control in the workplace which stem from the penetration of external uncertainties. But did they increase management's capacity to deploy labour to meet the variability of work organization? Széleányi has argued that the reforms were designed to increase the supply of labour from the rural to the urban areas through the concentration and rationalization of regional management, so that inequalities within regions grew.¹⁴ Infrastructure developed, albeit slowly, in the urban centres, while the outlying villages suffered increasing impoverishment. They became the home of the old and the unemployable, the marginal and the unqualified, while in the towns material standards of living increased. The result was an increase in labour mobility, legitimated by the relaxation of restrictions on quitting. Moreover, as we shall see, the rise of the second economy also gave more leverage to some workers since wages did not keep up with increases in productivity and gross domestic product. Indeed, so mobile was labour as a result of the liberalization of restrictions on movement that already in 1970 the government began taking back some of the reforms by introducing nation-wide starting wages and centralized norms. More significant, however, was the government's attempt to curtail labour mobility by instituting a compulsory job placement system for those who left their jobs without notice or who changed employment more than twice a year.¹⁵

In order to encourage workers as well as management to increase production, the reforms introduced a system of bonuses based on

profitability. But these bonuses were restricted to 15 per cent of their earnings in the case of workers, 50 per cent in the case of middle managers, and 85 per cent in the case of top management. When they became known, these blatantly unequal rewards for increased productivity and production created a storm of protest. Officially the figures were revised, but management still received a disproportionate share of bonuses. Moreover, to the extent that they were awarded according to criteria of profitability and cost-cutting, the opposition of interests between managers and workers was only intensified.¹⁶

In short, although attempts were made to coordinate the interests of workers and management, these do not appear to have been very successful, and the question remains: how is it that workers cooperate with management to fulfil targets, turning out products to the extent that they do? With access to a second economy, with full employment and labour shortage, with the right to quit, how is it that workers expend any effort at all on the shopfloor? For answers we must turn to a case study.

2. Red Star Tractor Factory

Between 1971 and 1972 Miklós Haraszti, a Hungarian poet and sociologist, worked in Red Star Tractor Factory in the outskirts of Budapest. He relates his experiences there in *Piece Rates*, which appears in English as *A Worker in a Worker's State*.¹⁷ Haraszti was brought to trial by the Hungarian government, accused of writing a book likely to stimulate hatred of the state, falsifying the facts, and generalizing on the basis of a deceptive picture. There is no doubt that Red Star Tractor Factory was at that time in crisis and as a result management-worker relations had been deteriorating. During the fifties Red Star had benefited from the subsidies which it attracted as a result of agricultural mechanization. In the sixties, however, it had lost those subsidies, and in 1971, under pressures from the New Economic Mechanism, it was struggling for survival. 'The gravity of the situation required severe remedies.'¹⁸ Indeed, to anyone familiar with machine shops in the United States or Britain, the remedies were unthinkable. Although Haraszti has little to say about the circumstances of Red Star, I will reconstruct its particular situation to illuminate the general forces at work in a state socialist economy.

Haraszti's experiences at Red Star fly in the face of the conventional wisdom that labour intensity is much lower in state socialist societies than in advanced capitalist societies. On the basis of Haraszti's account, I would estimate that he did twice as much work as similar

operators in the very similar machine shop in which I worked in South Chicago. In an interview with *Labour Focus on Eastern Europe*, Haraszti recognizes but does not resolve the paradox:

I didn't intend it as a comparison with any other factory. For me it was a high tempo. But I'm now sure that in socialist countries, the tempo is generally slower than in the West, and that is not just because of underdevelopment. It is a feature of a totally state monopolistic system: workers are deprived of their rights but have a certain job security. Very crudely put, the lack of unemployment is a basic factor causing a slower tempo of work, whatever economic analysis one might make of hidden unemployment. The technocracy has paid a big price, in terms of slower work tempo, for integrating the working class into the super-monopolistic factory system. My factory was run on the piece-rate system ... and such workers face one of the highest tempos of work. Semi-automated workers perhaps face an even higher tempo, but in general piece-workers have a higher tempo than time-workers. The piece-rate system was very prevalent in the Stalin period, and it is once again being reintroduced.¹⁹

Given all we know about the employment conditions in Eastern Europe, how was such an intense work tempo, which involved running two machines at once, possible? Second, how typical were Haraszti's experiences?²⁰ In this section I try to answer the first question using my experiences at Allied as a point of comparison, and in the next section we shall attempt to answer the second question.

Labour Process and the Dictatorship of the Norm

The piecework machine shop at Red Star was in many ways very similar to the one at Allied. The same machines were to be found — mills, drills, lathes and so forth, operated by single male workers on piece rates. These were helped or hindered by various auxiliary workers (more numerous at Red Star) — the set-up man, inspector, crib attendant, time clerk, truck driver and foreman. The auxiliary workers were on time rates in both shops.

In terms of sheer effort, however, the norms described by Haraszti seem unbelievable. After his period of probation Haraszti was introduced to the 'two-machine system'. The rate fixers had decided that operators should run two machines at once whenever this was at all possible. Haraszti initially thought this a means to earn more money, until he discovered that for such jobs (in the case of his machine, the mill, this was most jobs), the piece time had been cut in half, with the possibility of earning an additional fifth as compensation:

Working on two machines at once is very difficult: it is dangerous and exhausting; you have to use all the brains you've got. When I work on one machine, it is boring and tiring, certainly, but the moments during which it functions automatically do lead to some satisfaction. It seems that I dominate the machine: I have fed it, my hands rest upon its casing, and now it works. It's true that I only feel these almost tender sentiments when I switch from two machines to one; even then, they vanish after a little while. But when I am working on two machines, such feelings are utterly impossible. You can't dominate two machines: they dominate you. ... I change into a senseless, mindless machine.²¹

It is true that I often ran two machines at Allied. But the conditions and consequences were very different. One of the machines was an automatic saw which did not require continuous attention, so that I could devote my energies to working on another job. Not only did this mean that I was always building up a store of pieces which I could turn in any time, but I could also refuse to run two machines unless I was guaranteed an acceptable output on the saw. In other words, running two jobs at once was all gravy, just as Haraszti had originally thought it would be.

But how was Haraszti compelled to work like a madman? Part of the answer must lie in the nature of the piece-rate system. At Red Star the system operated in very much the same way as described by Marx. There was a basic wage, but it was 'a pure formality'²² and did not constitute a guaranteed minimum. However, this hourly wage was important in other ways. First, it might determine the wage a worker would receive were he or she to move to another enterprise. In keeping the hourly wage as low as possible, the foreman was not so much saving the factory money but, more significantly, deterring workers from quitting.²³ Second, the hourly wage determined the mid-month advance workers received, as well as holiday and sick leave pay — 'Not that you can afford to be ill with an hourly wage that low.'²⁴ Third, the hourly wage or corresponding worker category was used by the foreman in distributing work to operators. Jobs with the easier piece rates generally went to workers in higher categories — that is, on higher hourly wages.²⁵ Fourth, for the first three months foremen were entitled to guarantee the workers' hourly wage even if their output did not warrant it. Thereafter operators were on their own. When piece rates were impossible, there was nothing workers could do to bring their earnings up to the hourly wage. The only recourse was first fury, then frenzy. At Allied and at Geer the situation was very different. Workers were guaranteed a minimum wage, so that if the rate was impossible to make they would take it easy and

'goldbrick', even hoping that the rate might be loosened.

Since Red Star had no minimum wage, earnings were directly proportional to the number of pieces produced. Each piece had a price, supposedly fixed at a rate that would allow operators to make their hourly wage, which was pegged at an output of a hundred per cent. By following the directions of the blueprint, the stipulated speed, feed and cutting depth, Haraszti found that it was impossible to produce the pieces at a rate which would earn him his hourly wage. Moreover, the piece-rate system did not allow any time for setting up (as it did at Allied), getting pieces checked, or other contingencies.²⁶ To make the hourly wage, let alone a living wage, operators had to break the rules and safety regulations by increasing speeds and feeds, and taking dangerous short-cuts.²⁷ Only in this way could an operator produce over a hundred per cent. This 'cheating of the norm', known as looting, dominated the entire shopfloor experience of the operator. It consumed his concentration and, when successful, offered some sense of accomplishment. The unity of conception and execution was thus partially restored, but in the interest of the bosses.

'Nerves' brought about by the necessity of looting cannot be calmed by anything except loot itself. We have to stake all our inventiveness, knowledge, imagination, initiative and courage on getting it. And when this comes off, it brings a certain feeling of triumph. This is why workers on piece-rates often feel that they have beaten the system, as if they'd got the better of someone.²⁸

Although foremen, inspectors and rate-fixers are 'there to see that the rules are observed', they 'turn a blind eye ... so long as you do not force your looting to their attention.'²⁹ Indeed, the foreman's bonuses and prestige rest on operators risking life and limb in the pursuit of loot.

But in going beyond the norm to make a living wage, operators provided the rate-fixer with ammunition for speed-ups. The pursuit of maximum economic gain forced down the price per piece.

To make our living, we are forced to provide the rate-fixers with irrefutable arguments for the revision of norms, and so for the reduction to an ever more unreal level of the time per piece and consequently the pay per piece. This incites us to speed up the rate still more to try and reach a greater level of production. Therefore we prepare the ground, slowly but surely, for another increase of the norms.³⁰

Revisions of the norm were not only made job by job but also, and more significantly, on a collective basis. Workers were exhorted to

increase their output in the common interest and were 'rewarded' with a general 'readjustment' of the norms which hit everyone.³¹

It is significant that what Red Star operators called 'looting', Allied operators called 'making out'. At Allied they expected and were expected, by management and fellow-workers alike, to exceed the 100 per cent level. Indeed, the 'anticipated rate' was 125 per cent, and each operator set his own target (between 125 and 140 per cent) for 'making out'. So long as operators did not exceed 140 per cent they were assured that their rates would not be cut by the methods department. It was in their interest to hold back production so as not to turn in more than 140 per cent. There was little point in operators at Red Star engaging in such 'quota restriction'. So long as they were cheating the norm they could expect arbitrary rate-cutting; norms would be revised irrespective of the actual levels of output.

We can already begin to appreciate reasons for the differences in labour intensity in the two machine shops. At Red Star *employment security* was combined with *wage insecurity*, whereas at Allied *employment insecurity* (although workers were rarely fired, redundancy was always a possibility) was combined with *wage security*. Workers at Red Star were guaranteed a job but not a living wage — this had to be earned through intensification of effort. Thus, in 1971 average hourly earnings in the engineering sector of industry were 11.2 forints. Based on the type of work Haraszti normally received, this involved an average production level of 147 per cent.³² But we must ask why the workers at Red Star failed to challenge the dictatorship of the norm or to bargain for a more favourable relationship between reward and effort. This requires an examination, first, of the political and ideological effects of the labour process and, second, of the political apparatuses of the factory.

Ideological Effects of the Labour Process

How was it that workers cooperated in their own barbaric subordination? The need to survive and the power this gave to management were obviously critical. Yet there was something about the labour process that generated a certain complicity of the workers in their own subordination. The mechanism through which workers were drawn into their own dehumanization was the uncertainty of outcomes. 'Insecurity is the main driving force in all payment by results. . . . The manifest coercion and dependence which characterize payment by the hour change into a semblance of independence with piece-rates. . . . Uncertainty is the great magician of piece-work.'³³ At the

same time, too much uncertainty would make workers indifferent to the outcomes. If rate-fixers pushed their luck too far, or if a general revision of norms was too drastic, the operators would leave.³⁴

Thus, the ideological effects of the labour process and the piece-rate system were very similar at Allied and at Red Star. Once workers thought it was possible to survive under a piece-rate system, they took up the challenge to their ingenuity, will and endurance, and blamed themselves for failure.³⁵ In this way they were sucked into participating in their own brutalization.

Of course, (the worker) knows perfectly well that he is being cheated. But his active participation in this trick against himself makes it impossible for him to see the deception; or to identify it with his conditions of life, as can the worker on hourly wages.

Instead, he has a sharp eye for petty discrimination, injustice or manipulation, and fights against such things in the belief that such victories can be set against the defeats. He tends to judge everything in terms of pay, and when he has a good month, he believes, from the bottom of his heart, that he is not the dupe but the victor.³⁶

Once compelled to engage in this preoccupation for loot, the conditions which made it necessary receded into the background as unalterably given: not only the two-machine system, but also the nature of work itself, seemed unchangeable.³⁷

The system of norms is far more effective at shackling the imagination than at stimulating production: the most daring dream of piece-rate workers is to achieve a fair and sufficient hourly wage: in other words, to be delivered from the norm. If a utopia of productive relations where they could determine their goals together threatens to break to the surface, they immediately force it back.³⁸

Rather than conceiving of alternative ways of organizing production, workers were absorbed by the variations they faced from day to day: good jobs rather than bad jobs, one machine instead of two, the possibility of supplementary wages and bonuses, and so forth. Such apparently insignificant differences came to overwhelm all other experiences on the shop floor.

We are like natives who, in the early days of colonialism, handed over everything, their treasures, their land, and themselves, for worthless trinkets and who became aware that they had been robbed only when they failed to get the usual junk in return.³⁹

And the very relativity of the gains had the effect of only further mystifying the basis of wage labour.

One might think that the two-machine system itself is so outrageous that it would shatter the illusion that we are really being paid, and with it the illusion of paid work in general. But the truth is that it enhances the power of the illusion. When it emerges that the two-machine system does not improve our pay in comparison with the old system, or with hourly wages, this does not appear to us as a brutal manifestation of the famous relations of production, we feel fucked: well and truly fucked.⁴⁰

Again, I found the same at Allied, where we became angry with management when it failed to provide the necessary conditions — acceptable piece rates, adequate tooling and fixtures, prompt service from auxiliary workers, and so on — for making out.

No matter how much knowledge one brought to the shopfloor, no matter how many times one had read *Capital*, the experience was the same. A monomania set in which concentrated all energies and ingenuity on factors that shaped marginal variations. If looting sprang from the need to survive, if making out sprang from the need to compensate for boring work, once set in motion their ideological effects were to conceal their origins and autonomously to generate the ideological conditions for their own reproduction.

Political Effects of the Labour Process

The production of objects is simultaneously the production of relations — relations of competition and interdependence. Under a system of piece rates, competition revolves around the distribution of good and bad jobs,⁴¹ the transfer and promotion of people from one position to another, and the distribution of supplementary wages which supposedly compensate operators for the contingencies not allowed for in the calculation of piece rates. While such competition is to be found in all machine shops, its particular organization reflects and shapes different forms of subordination. Thus, at Allied competition was usually resolved through the application of rules, while at Jay's it was more likely to be resolved through informal bargaining. At Red Star resolution usually came through the arbitrary will of the foreman.

So everyone is dependent personally on the head foreman who fixes the level of his pay: this is a paradox of piece-rates. The only concern one

worker has for the others is jealous suspicion. Are the others a few fillérs (unit of currency) ahead? Is their hourly rate going up more quickly? Are they getting more of the best 'good' jobs that are going? Such rivalry is equally fierce over all matters in which the head foreman's decision is final: holidays, overtime, bonuses, awards.⁴²

There were other sources of competition. Where looting is the secret of survival and its possibility is limited, operators jealously guard their accumulated experience. New operators faced this when they arrived on the shopfloor to be broken in by a senior operator who ran a similar machine. If the novice was prepared to play along with the instructor by turning out lots of pieces to advance the latter's earnings, then he might learn something. But it wouldn't be the angles which made looting possible, or the homemade fixtures which turned a bad job into a good one. These the new operator had to discover for himself by closely watching others, or to elicit through an exchange of favours.

(The instructor) doesn't let me work on both machines at once, although I'm going to have to do this eventually. He sets up one machine so quickly that I can hardly see how he goes about it, and then he leaves me to put a run through. Meanwhile, he's milling on the other machine himself, and he doesn't utter a single word until I've finished. There's a hint of blackmail in his way of going about things: if I agree to play along, perhaps he'll agree to explain the odd thing to me, now and then. From time to time, he knocks off early and asks me to punch his card for him. In exchange, he's quite prepared to spend half an hour telling me how things work.⁴³

An operator really only began to learn the art of looting after his period of training was over and he was plunged into battle. He was left to his own devices not only in operating and setting up his machine, and in competing with other operators seeking the same scarce resources as he was, but in fighting for the cooperation of auxiliary workers as well. He was dependent on these workers while at the same time he was placed in an antagonistic relationship to them. For operators paid by the piece, time lost was money lost; for auxiliary workers paid by the hour, time lost was effort saved. Haraszti soon discovered the meaning of this in his confrontation with the setter (set-up man), who had every reason to lord it over the operator if possible, sending him scurrying hither and yon on futile and unnecessary errands. 'But what is a straight loss for me is a gain for the setter: he's paid by the hour. I begin to hate him.'⁴⁴ As a neighbour explained, 'Look, they're just not here to make life easier for you. ... And why should they be any more

helpful? If you want to carry on with this, then it's much better to learn how to get by on your own. You've got to, if you want to make any bread.'⁴⁵

The story was similar with the inspector, but with a difference: you couldn't do without him. It was his stamp of approval that decided whether or not you could go ahead and try to make some money. As Haraszti's instructor told him about the inspector:

His special stunt is never to give his approval to a series straight away. You show him your first piece and he always asks you to tinker with the settings a bit. But don't bother to change a thing. Get the run going, and next time he comes your way, show him another piece. More often than not, he'll stamp your work-sheet at once, because he's ashamed.⁴⁶

Inspectors were so obviously superfluous, so clearly an expression of the system of wage labour, that they had an image of themselves as 'men of quality'. In this role they directly confronted the operator — a man of quantity — as an antagonist.

The petty officials on the shopfloor — neither workers nor bosses — appeared as agents of the company, executors and enforcers of the rules, keepers of the records, and communicators between bosses and workers. Although without power of their own, they were still in a position to humiliate workers on the shopfloor.

None of this leads to any feeling of solidarity: the piece-rate worker cannot pass insults on to any one else, and suffers enormously when he is kicked around, by those who are not, in principle at any rate, his superiors.

Besides, any hope of solidarity is excluded by the simple, daily experience that white-collar workers do lighter work and accomplish less. Their work is easier and less intense, they don't clock in at the crack of dawn; they don't eat during working hours; and the coffee machines that simmer in their offices symbolize their stake in power, limited though it is.⁴⁷

At Allied and even more at Geer it was the *cooperation* between machine operators and auxiliary workers that was particularly striking. To be sure, the organization of work structured antagonisms between the two sets of workers, and indeed pressure from management to increase machine operators' output was often translated into a lateral conflict between operators and auxiliary workers (the latter having no interest in the intensification of work). Yet there was no systematic attempt by auxiliary workers to subordinate operators to themselves. On the contrary, they often engaged in illicit activities to

facilitate making out by the operators, in what Donald Roy called 'the fix'. Auxiliary workers and machine operators at Allied were all workers together, and there was much mobility between the two groups. The superior status of the auxiliary worker found at Red Star, symbolized by the time spent brewing coffee, gossiping and joking, was absent from Allied. What was the basis of that elevated status? How were the divisions created and reproduced? Why were inspectors, setters and clerical workers more closely allied to the bosses than to the workers on the shopfloor?

The Political Organization of Hierarchy

We have already seen how, at Allied, operators and auxiliary workers were all part of a common internal labour market administered by bidding and bumping rules. Job vacancies were filled by workers filing bids, with seniority as the usual deciding factor. Those vacancies not filled from within the firm were opened to the external labour market. Laid-off workers could bump others with less seniority so long as they could perform the others' jobs. In short, competition for 'promotion' and 'transfers' was determined by rules rather than the personal discretion of the foreman. Although there was a hierarchy of job grades with corresponding differences in basic pay, the hierarchy did not lead anywhere and did not discriminate between workers on the basis of power or allegiance to management.

At Red Star, auxiliary workers earned about the same amount as machine operators, but there was a distinct hierarchical relationship between the two groups. The auxiliary workers had no doubt that their interests lay with the bosses. The role of the party appeared to be critical in ensuring allegiance to management. Promotion to auxiliary work was a necessary if not sufficient step for those seeking a career. But such an advance out of the ranks of the operators was made possible through party membership and party activities. Haraszti's neighbour told him:

They're all friends of the bosses; that's why they're setters. They are on the way up. . . . (The older setter) was chairman of the local magistrate's court. On full pay, plus all the usual extras, of course. It's the same with the others. The younger one, who only became a setter last year, will be made a trade-union representative or Party secretary by next year, you'll see. The works manager was also a setter in his time.⁴⁸

Inspectors, like setters and foremen, were in a privileged position and obtained their jobs by the grace of the party.

But even if the *meós* (inspectors) were falling over themselves to help us, the bosses would stop them. They are very jealous of their inspectors' reputations and they think that their jobs should be enviable and respected. It's no contradiction that these independent members of the 'jury' have posts on their side, in the union or the Party. Promotion to *meós* should be counted as one of those privileges which can be bestowed on a worker, just as footballers and other sportsmen are often raised up to the level of 'men of quality'.⁴⁹

The party was harnessed to management interests through the creation of a status hierarchy in production. The allegiance of managerial agents of control was guaranteed not by financial benefits (at least not openly), but through privileged positions involving political access criteria. Raised above the lowest ranks and on their way to a career, auxiliary workers had their eyes on those pulling them up, rather than trying to appease the frustrations of those from whom they had come. Auxiliary workers at Allied had no such interest or opportunity, and their allegiance was firmly grounded with the operators. As we shall see, the levelling effect of the trade union at Allied was absent from Red Star.

The Dictatorship of the Foreman

The system of bidding and bumping found at Allied offered employees the opportunity and therefore the threat of transferring to another job if they objected to the piece rates, the foreman, the machine or anything else about their particular job. Workers' power was therefore enhanced in proportion to the amount of training their jobs required. Foremen were careful not to antagonize their subordinates through arbitrary treatment or illegitimate sanctions. At Red Star, by contrast, the foreman was a dictator, not least because he dispensed a wide range of rewards and punishments which at Allied were distributed through administrative rules.

The weakness of the workforce is highlighted when the labour process and the piece-rate system do not uniquely determine relations and activities. Potentially, this could provide an arena of struggle in which workers might recover some of their power. In practice, however, such uncertainty was turned into an arena of absolute power for the foremen. 'They are emperors here. They hold us all in their hands. They dole out favours as they feel like it.'⁵⁰ Thus, the fact that there were jobs with good rates and jobs with bad rates — an inevitable concomitant of any piecework system, no matter how 'scientific' — was turned into a power resource for the foremen who

distributed the work. The same was true of supplementary payments. Since piece rates could not incorporate the very real contingencies of production — the worn-out drill, the tough material, the warped stock — foremen were entitled to dispense supplementary wages as a recompense for lost time. In practice, operators were reimbursed for only a fraction of the time lost: 'my supplementary wages don't supplement my wages one little bit. Rather, they are a part of my pay on which *they* try to economize.'⁵¹ The crumbs owed to the operator by 'right' were turned into a favour which had to be bargained for, enhancing the foremen's power and wasting the operators' time. 'All the foremen ... do everything to make us feel that supplementary wages are special presents which they hand out to us, for which we give nothing in return.'⁵² By behaving as though supplementary wages were a scarce and fixed resource, the foremen promoted jealous suspicion and guarded secrecy among the operators, thus weakening the workers' solidarity even further.

Not content with exploiting uncertainties endemic to the labour process of a piecework machine shop, foremen managed to expand their arena of discretion to include matters which for the most part were out of the hands of Allied foremen, either under different branches of management or subject to administrative rules.

The foreman doesn't just organize our work: first and foremost he organizes *us*. The foremen fix our pay, our jobs, our overtime, our bonuses, and the deductions for excessive rejects. They decide when we go on holiday; write character reports on us for any arm of the state which requests them; pass on assessments of those who apply for further training or request a passport; they supervise trade union activities in the section; they hire, fire, arrange transfers, grant leave, impose fines, give bonuses. Their signatures are essential to authorize any kind of departure from routine. Only information coming from them can be taken as official. They alone have the right to call a meeting.⁵³

To be sure, not all workers were equally powerless. Those who managed to make themselves irreplaceable, through monopoly of some skill, knowledge or experience, were in a much stronger position to wheedle concessions out of the foreman than were novices such as Haraszti or others who had nothing special to offer.⁵⁴

More generally, the dictatorship of the foreman fostered an intense rivalry among workers for the crumbs which he chose to dispense. Competition was more formally introduced through the organization of workers into brigades. Twice a year the foreman informed each

brigade of its production record and whether it had won some bonus or honorific title, such as 'Socialist Brigade'.⁵⁵ Except for the 'good boys who want a political future and are laying the basis of a career',⁵⁶ such 'clowning' failed to summon the workers' interest. They were already so divided — first by the labour process and piece-rate system, and second by the personal rule of the foreman — that the organization of brigades had little impact. Finally, workers were further divided by restrictions on their movement around the factory. They obtained no sense of the totality of the production process. Yet, at the same time that these various forms of competition and antagonism split the workers, they also promoted a bitter hostility toward the bosses and their various agents.

Although the labour process, piece-rate system, internal labour market and grievance machinery all promoted a rampant individualism at Allied, this took place within a framework that had a levelling and egalitarian impact on relations among workers. The entrenched informal and formal hierarchies as well as the hostile divisions among Red Star workers could not be found at Allied.⁵⁷ The trade union defended the rights and enforced the obligations of its members, and in so doing effectively protected management from itself, from the tendency toward arbitrary domination that would have undermined the consent so essential to the cooperation of Allied workers. When conflict emerged on the shopfloor it was not exploited by the foreman, but was either channelled into the grievance machinery or the triennial collective bargaining between union and management, or was dissipated through resignations or transfers to other jobs. Only rarely did it break out of the institutional mechanisms for its containment. Strikes were most likely to develop when rank-and-file rejected management's proposals for the new collective agreement. Once signed, the contract had the union as its watchdog. In this limited role union officials often excited the animosity of the rank-and-file, which claimed an unholy alliance between their representatives and management. Nevertheless, the factory apparatuses at Allied possessed a certain autonomy, enshrined in legally enforceable rules. This restricted managerial discretion, as well as displacing conflict into channels from which it was less likely to have an adverse effect on production.

At Red Star the factory apparatuses were very much an instrument of despotic rule. As we have seen, in dealing with 'contingencies' the foreman did not appear to be restrained by any regulations or counter-vailing bodies. To the contrary, all other bases of association existed to enhance his power. Thus, the trade union became an arm of the

dictatorship of the foreman. '[W]e look upon [the union official] . . . as a straw man, or a string puppet. If he was a careerist, we would certainly class him as one of *them*. Everyone agrees . . . "The union is our paid enemy."'⁵⁸ The union secretary 'is nominated for the job by the head foreman. To put up or vote for another candidate would be a direct provocation of the head foreman. Anyway, what could possibly come of it? After the election, the head foreman fixes the pay of the secretary, who, in any case, has a second master as well: his superior in the union hierarchy, who works from a desk in the factory office building.'⁵⁹

And so the union official strolled about the workshop, promising to put grievances before the head foreman and thereby acting as an effective block on their resolution. He turned up at all meetings, but his presence was a formality, and he was reduced to the status of a spectator.

'There is a collective agreement; almost everyone knows that, but nobody knows what is in it.'⁶⁰ After remonstrating with the foreman, Haraszti managed to secure permission to look at a copy of the 'collective', but only under the surveillance of a secretary. It was written in such a way as to confuse, hedging its stipulations with qualifications, and placing the ultimate decision-making power in the hands of the foreman. A fellow-worker put it like this: 'It states everything we have to put up with, except for what it doesn't state.'⁶¹ The collective was merely one more instrument through which the foreman wielded and justified his unrestrained power. 'The "collective" is for them, and not for you,' Haraszti was told.⁶² The dictatorship of the foreman was carried out in the name of the dictatorship of the proletariat — in the interests of all. The collective sacrifices, the general revisions of the norms sprung upon the workers, all were stamped with the approval of the workers' representatives — the party and the trade union — and ratified by the workers themselves, after the event, in orchestrated meetings. This is the meaning of bureaucratic despotism.

The Regime of Bureaucratic Despotism

We have been trying to highlight the differences between the politics of bureaucratic despotism at Red Star and the hegemonic regime at Allied. Before extracting the essentials of this comparison I will prepare the ground with the equally important comparison of market despotism and bureaucratic despotism.

Since it appeared to provide a mechanism for the continual intensi-

fication of exploitation, Marx regarded the piece wage as the most appropriate form of wage for capitalism. Curiously, management experts in the Soviet Union and Eastern Europe have long claimed that the piece wage is the most appropriate for socialism because it enshrines the principle of payment according to work. It is not surprising, then, that we should discover striking similarities between Marx's description of capitalism and Haraszti's account of Red Star Tractor Factory. Although Marx does not discuss the independent and interactive effects of any specific labour process combined with piece rates, one can infer the following similarities between the two forms of factory politics. In both cases economic survival depends directly on the expenditure of labour. As a result, the labour process combines with the system of piece wages to generate, with a large degree of autonomy, the reproduction of relations in production and relations of exploitation. When these relations are not automatically reproduced, uncertainties in the labour process are resolved to the advantage of management and provide the basis for the dictatorship of the foreman. Finally, the effect of piece rates is to stimulate competition, individualism and the redistribution of hierarchical into lateral conflict.

At the same time, there are fundamental differences between market and bureaucratic despotism, revolving around the use of 'extra-economic' force in the reproduction of relations in production and relations of exploitation. Distinctive to the politics of bureaucratic despotism is the harnessing of the party and trade union structures to the managerial function. The organs of state politics directly enter the regulation of production as instruments for the repression of struggles, in the shaping of everyday relations on the shopfloor, and in the direction, appointment and dismissal of managers. Market despotism is unrestrained but unassisted by extra-economic forces. State politics does not directly enter the reproduction of relations at the point of production; rather it exists to 'support the external conditions of the capitalist mode of production against the encroachments of the workers as well as of individual capitalists.'⁶³ Except in crisis situations production politics and state politics are separated. Under bureaucratic despotism state and factory politics are continuous, so that struggles which begin in one arena easily spill over into others. They therefore tend to be repressed rather than organized.

Differences between the two forms of factory politics revolve around links between politics of production and state politics. Similarities rest on the bond between an individual's material survival

and his or her expenditure of labour on the shopfloor. What happens to the nature of factory politics when this bond is cut, when survival becomes more or less independent of the expenditure of effort? This was the pieceworker's dream.⁶⁴ Haraszti asks, 'What would spur us on constantly to increase output if one hundred per cent performance was really feasible, and its corresponding pay satisfactory?'⁶⁵ One answer is to be found in the hegemonic production politics at Allied.

In Chapter Three we described a variety of hegemonic regimes. Here we draw together the essentials based on the specific pattern at Allied. With basic survival guaranteed by forms of unemployment compensation and a minimum wage, workers must be persuaded rather than coerced to expend effort on the shopfloor. This is not to say that workers are never fired or made redundant, nor that workers do not fear such eventualities, but that an arena of consent is created, albeit guarded by an armour of coercion. Moreover, the application of coercion must itself be the object of consent — hence management's rule-bound interventions, and access to grievance procedures. The factory apparatuses assume a coherence of their own and cannot be arbitrarily altered by either management or union. The creation of an arena of consent also depends on the concrete coordination of the interests of workers and management, accomplished in two ways. Collective bargaining links workers' material interests to the company's profitability. Wages, vacations, supplementary unemployment benefits and transfers are tied to seniority, so that the longer a worker is with a company the more expensive it is to move and the more committed he or she is to the growth of profits or checking their decline. Such factory apparatuses establish the sufficient conditions for the constitution of the labour process as a game which sucks workers into the expenditure of effort on terms shaped by management.

Suited a hegemonic regime of production politics is particularly well suited to the requirements of large, oligopolistic firms which dominate their product and supply markets. For such firms it becomes important to dominate the labour market as well, since there is little point in controlling two sets of markets but not the third. This is accomplished through internalization of the labour market and the setting of limits within which struggles may be waged. Other sectors of the economy, enmeshed in a much more competitive product market, are unable to coordinate the interests of workers and management at the expense of consumers. Here we often find a form of production politics that more closely approximates the market despotism described above, but with important differences — even

unemployed workers can secure a minimal existence. And in yet other sectors of the economy, such as construction, we find craft workers retaining control of production despite the existence of a competitive market structure.

Just as the hegemonic regime at Allied is by no means typical of advanced capitalism, so the bureaucratic despotism of Red Star is by no means typical of state socialism. It has to be seen whether the hegemonic regime, in which the reproduction of labour power is independent of the workplace expenditure of labour, has an equivalent in state-socialist societies. In the next section we try to decipher varieties of production politics in Hungary, and in section 4 we explore the ways in which Hungary may differ from the Soviet Union and other East European countries.

3. Varieties of Factory Politics

Under what conditions can we expect to find an approximation of bureaucratic despotism in Hungarian factories? What other forms of production politics can be found, and where? In trying to answer such questions we face a problem of data. There are few published studies on the inner workings of factory life in the Soviet Union and Eastern Europe, let alone Hungary, and even fewer which capture the richness of detail found in *A Worker in a Worker's State*. My approach will be speculative and deductive, raising rather than answering questions. I will try to elicit the specific conditions of Red Star Tractor Factory which gave rise to bureaucratic despotism in its machine shop, and in this way show how other conditions generate different forms of production politics. But here too my approach is handicapped. Haraszti's analysis closes off the workplace from the political and economic context which shaped it. I have therefore tried to reconstruct that context from what I have been able to learn about Hungary at that time, and from the odd reference here and there in Haraszti's account.

The Impact of Industrial Branch

By 1971 Hungary's New Economic Mechanism had reached peak momentum. Red Star was one of its victims. The withdrawal of subsidies aimed to put the enterprise on an independent economic footing. The savage norm revisions were taken as a last resort, a means of survival. They failed to save the factory, which in 1972 was absorbed into a larger enterprise. A Hungarian study conducted in

1968-69 would seem to corroborate such an interpretation of the pressures behind despotic production politics. David Granick summarizes this study of three different enterprises:

One of the three used an hourly-pay system; the second used piece rates, but with maximum total earnings placed at 100 to 110 per cent of the standard rate; only one used unlimited piece rates, and these were reduced by 20 per cent during a single year with resultant slow downs by many manual workers. Moreover, the third enterprise — the only one in which a genuine piece-rate system was employed — suffered from a most unusual financial squeeze which forced management to attempt to cut costs; its workers were mostly from nearby villages and had less of the solidarity against 'rate busters' than is commonly found among urban workers; and management seemed to have held a peculiarly powerful political position in the region. It seems typical that only such an unusual enterprise was both forced to use piece rates, and was capable of using them, as a means of furthering labour productivity.⁶⁶

The stringent conditions at the third enterprise bear an uncanny resemblance to the experience of Red Star in 1971.

In a state socialist economy, what factors are likely to lead to the application of financial or other pressures to intensify work? And under what conditions would such an intensification be enforced through a despotic regime of labour control? Economic reforms notwithstanding, relations between enterprises and planning authorities determine in large measure the conditions and expectations of performance. Those in a strong bargaining position vis-à-vis the state are more likely to extract concessions and exemptions. These are most likely to be 'key' industries, large enterprises, or branches where there are only one or two enterprises producing a given product. One can conjecture that the more powerful enterprises will be able to secure supplies more easily, as well as bargain for looser targets or performance criteria and larger wage funds.⁶⁷ At the same time, simply because the enterprises are more important, central planners are more likely to interfere and to insist on changes in product mix at short notice. Thus, analysing the effects of the New Economic Mechanism on enterprise management, Bauer writes:

If the relationship between large enterprises (such as Ganz-Mavag or the Hungarian ship-building yards), or large trusts (like in the food and building industries) and central management organs are more reminiscent of the old system, then in the small and medium-sized enterprises of a number of branches of industry (in the engineering industry, in the chemical industry producing household goods, in the pharmaceutical

industry, in the textile and shoe industries) the independence and responsibility of enterprises has risen considerably. . . . Financial concessions and exemptions more rarely affect small and medium-sized enterprises and, in addition, there is less interference on the part of government and political organs.⁶⁸

Although we may conclude that the large and small enterprises are likely to possess different levels of autonomy from the central planners and face different sources and combinations of uncertainty, it is not clear what impact this has on forms of labour control. Are wages lower in the more independent enterprises? But are they also subject to less 'rushing'? Do they have to deal more with local than with national pressures? Is the smaller enterprise better able to coordinate the interests of workers and those of managers and/or planners?

Relations to the state are one set of determinants of uncertainty; the way shortages affect production is another. Where the product is relatively homogeneous and the manufacturing process unchanging, enterprises can place their orders for supplies long in advance. Laki cites the case of a large chemical enterprise which managed to reduce rushing in this way. One might expect fewer supply uncertainties in energy production (mining, electricity and oil). In his work on Soviet metal fabrication and his study of Hungarian enterprise guidance, Granick has shown the importance of vertical integration into supply functions in containing uncertainty. Where enterprises draw their supplies from Western markets, they are subject to less uncertainty in delivery time. But, equally, where production is for Western markets, requiring punctual delivery, this is undertaken at the expense of domestic production, which exhibits intensified forms of rushing.⁶⁹

We can conclude that two sets of conditions determine the pressures on an enterprise. The first is the accountability of the enterprise to the central planners, the vertical relations linking the enterprise to the state. The second is the shortage of supplies, which leads to rushing and forced substitution of both inputs and outputs. What is not clear is how the enterprise deals with these uncertainties as regards the regulation of labour. Under what conditions do economic pressures lead the union and the party to become more visible instruments of managerial repression, and factory politics to move toward bureaucratic despotism? And under what conditions might enterprise management attempt to extract cooperation through rewards rather than punishment, through consent rather than coercion? What resources does it have at its command to pursue either alternative?⁷⁰

Core and Periphery within the Enterprise

The large enterprise of state socialism has not been as successful as the oligopolistic firm of capitalism in stemming the penetration of external uncertainties into the core of production. The anarchy of the plan makes itself felt in three ways: the cyclical intensification of work due to variability in the delivery of supplies; unanticipated and irregular changes in the materials and instruments of production due to forced substitution; and change in products manufactured due to the variability of supplies or of directives from central planners. Just as the competitive sector of the capitalist economy adapts to market pressures through a despotic or craft regulation of work, the same alternatives are found under state socialism, but often in some combination *within* a single enterprise.⁷¹

Haraszti himself made reference to the existence of senior and experienced workers who obtained more lucrative bargains with management than did newcomers like himself, and in a personal communication he underlined the leadership role of these 'core' workers. It was they who decided to go along with management's intensification of work as a lesser evil than liquidation. But in his book Haraszti dwells almost exclusively on his own experiences as a 'peripheral' worker. A complementary picture emerges from Lajos Héthy and Csaba Makó's studies of what was at the time (1969) one of Hungary's best-run and dynamically developing engineering companies.⁷² The specific unit under observation manufactured railway coaches. In 1969 it employed about four hundred workers and was subject to gradual reduction in its production. As at Red Star, state subsidies were being withdrawn and management was attempting to intensify production. In 1969 piece rates were cut twice, so that the final wage fell by twenty per cent.

The major investigation focused on the last operation, where sixty men hammered away to level sheets of casings. Although the workers were paid according to a collective piece-rate system, the workshop was divided into two hostile groups: the older and more experienced workers on one side and the younger, less experienced workers on the other. The opposition of interests crystallized around their responses to the payment system. The older workers, having built up a solidary group, staged slowdowns in order to extract monetary concessions or looser piece rates from management. The younger group, rather than fighting for increases in the reward for effort, was concerned to maximize earnings in the short run without regard for possible rate-cutting. The formation of two opposed groups was in part shaped by

the wage structure — particularly by the fact that seniority increases in the basic wage stopped after ten or twelve years of service. After the age of about thirty, workers had to deploy alternative strategies to increase wages — namely, fighting for bonuses, overtime and looser piece rates. More significantly, the economic needs of the two groups were very different. The younger workers, starting families, faced heavy expenditures, not least the purchase or, much more likely, the construction of apartments. They could not afford to restrict output, thus sacrificing immediate income for future gain. With major expenses behind them, their children grown and their wives possibly earning wages or other income, and with settled accommodation, the older workers could more easily absorb drastic but temporary cuts in wages in the pursuit of a future windfall.

In the struggle for a unified strategy the solidarity of the more senior workers won the day. Thus in April 1968, even though the work being offered by management had loose rates, the output of the work group as a whole underwent a precipitous decline: average wages fell from 10.1 forints an hour in March to 6.8 forints an hour in April. Tensions between young and old mounted as the latter staged a go-slow and refused to do overtime. Party and trade union entered the fray on management's side in an attempt to restore the original level of effort. When several workers tried to leave the company, asked for transfers or stayed at home on sick leave, management lost its head and intervened ruthlessly, but without much effect on output levels. Only when the bottleneck had developed to such an extent that the entire production of coaches was threatened did management give in and set up special incentive bonuses. The older group now resumed work with intensity, doubling and tripling their output levels and reaching average hourly wages of more than 17 forints. But when, in October 1969, the older workers got wind of impending rate cuts to be based on November and December outputs, they responded with another go-slow and successfully avoided the norm revisions that hit other units.

The factory apparatuses of the coach enterprise studied by Héthy and Makó were very similar to the ones at Red Star. There was no official countervailing power to the monolithic cohesiveness of union, party and management. The union executive had a share in company profits roughly equal to that of top management. The posts of union secretary and president were held by foremen. Not surprisingly, the union fully endorsed management's rate-cutting strategies. All five members of the party committee came from shopfloor supervision. And yet these apparatuses occasioned two very different responses.

On the one hand, the younger workers reacted like operators at Red Star. The payment system tied the well-being of their families to their effort on the shopfloor, and they were not prepared to sacrifice immediate earnings for potential future gains. As a result of their individualist orientation to work and their competitive isolation from other workers, they found themselves defenceless against aggressive and arbitrary managerial interventions. Their future interests were in fact protected by the older workers, who were more experienced, more skilled and less dependent on immediate earnings, and had established solidary social networks. The senior workers took advantage of their irreplaceability and their monopolistic position in the overall production process to hold management to ransom. The three go-slows forced major concessions from management and a retreat from an impending assault on norms.

Héthy and Makó provide a powerful corrective to Haraszti by highlighting the capacity of certain workers to resist managerial offensives and to impose their will on other workers who would otherwise have succumbed to labour intensification. The emergent solidarity on the shopfloor is very different from the atomization of Red Star's machine shop. But Héthy and Makó examined other groups in the same enterprise and found that they were much weaker and more defenceless against norm revisions.⁷³ These groups were either dominated by the younger, inexperienced workers eager to maximise earnings in the short run, even at the expense of future earnings; or they were composed of workers isolated from one another and therefore unable to mount a cohesive resistance.

The development of a core and a periphery within the enterprise is facilitated by the absence of the levelling influence of an independent trade union. It is not simply that unions are dominated by managerial functionaries and are therefore unlikely to take any stance against management, but further, they often support the unequal distribution of power and resources among workers. Thus, party and trade union officials are disproportionately found among core workers.⁷⁴ The reproduction of a dual system of production politics within the enterprise is also fostered by central determination either of the average wage level or of the wage fund.⁷⁵ This means that concessions granted to one group of workers must be at the expense of some other group.

As we have seen, the New Economic Mechanism attempted to encourage the cooperation of workers and management through profit-sharing schemes at the same time that average wage levels were centrally regulated. In reality the redistribution of profit was so

limited and hamstrung by restrictions that it made little difference to earnings. Furthermore, lifting all restrictions on mobility in the context of labour shortage and higher earnings in many of the auxiliary plants of the agricultural cooperatives and small factories made it difficult for state enterprises to hang on to their skilled labour in particular. Thus, unskilled workers would be recruited with the sole intention of bringing down the average wage level so that higher wages could be offered to the more stable skilled workers. More usually, management would manipulate incentive schemes so that, for example, key workers were assigned loose piece rates.⁷⁶ In addition, core workers might receive more overtime or their jobs might be redefined to provide compensation for poor working conditions. Whether these concessions are extended in a process of informal bargaining or as bribes to elicit cooperation, they are a recognition of the power of certain key workers in a situation of irregular changes in the form and flow of materials, machinery and manufactured products. And all concessions to the core workers are at the expense of peripheral workers, whose only hope is to leave in search of a better job or to seek promotion to the core.

The Reproduction of Labour Power

The development of a core and a periphery within the enterprise is crucially dependent on the indeterminate and continually shifting character of the labour process, the central control of wage levels and the absence of the levelling influence of independent trade unions. Workers' bargaining strength is significantly affected by location in the production process as well as by skill and experience. But it is also shaped by the dependence of livelihood on performance at work. Thus, older workers, less dependent on immediate earnings, were in a stronger position to withhold effort than were younger workers in need of ready cash. In other words, workers' bargaining strength is critically determined by the extent of enterprise control over the reproduction of their labour power. The more independent the reproduction of labour power is from enterprise control, the greater is the ability to resist managerial offensives.

We have already seen how the transition from early ('liberal', 'competitive') to advanced ('monopoly') capitalism involved the separation of the reproduction of labour power from the labour process. While livelihood outside work came to be guaranteed by benefits allocated by the state independent of performance at work, there emerged rudimentary protection from arbitrary firing, and certain

minimum wages were assured independent of the application of effort. This led to a corresponding transition in production politics: from despotic regimes in which coercion prevailed over consent to hegemonic regimes in which consent prevailed over coercion. At the same time, a form of 'market despotism' was created in certain sectors of advanced capitalism where competition among firms impelled dictatorial regulation of work and where the character of the labour force — often women, blacks or migrants — permitted the exercise of such regulation. Can we trace similar transformations of production politics under state socialism? As we shall see, here it is the *liberation* of market forces and the *withdrawal* of state intervention, rather than the regulation and displacement of the market by a growing state intervention, that lead to the separation of the reproduction of labour power from the labour process.

In the period of extensive development, enterprises were more likely to allocate housing and other benefits in addition to wages. Laws regulated the mobility of labour, preventing workers from quitting arbitrarily, and punished 'inexcusable' absenteeism. Households were less likely to have two or more wage-earners, and income from a second economy was more limited. With the transition to intensive development, particularly since the economic reforms, the reproduction of labour power has become increasingly independent of enterprise control. Whereas the state dispensation of housing and social benefits used to be linked to seniority and skill, their present allocation is much less tied to participation in particular enterprises. We also find the burgeoning of family housing built by unskilled and semi-skilled workers on the outskirts of urban areas.⁷⁷ Labour was given unlimited opportunities to move from enterprise to enterprise, and legislation during the last decade has been largely ineffectual in limiting labour turnover.⁷⁸ Multiple-earner families have increased with the rise in female participation in the wage labour force, so that now workers can either quit or withhold effort and allow earnings to fall without the family being entirely cut off from the state sector. Where before there may have been excess supply of labour, now there is an ever-intensifying shortage, at the existing level of wages, and the vigorous competition for labour leads enterprises to engage in forms of hoarding. Finally, the so-called second economy has been flourishing since the reforms, despite attempts in the mid-seventies to restrict its scope. More recently, since 1980, the state has given the second economy another shot in the arm by explicitly recognizing its benefits and legalizing many of its institutions.

We have little comparative information on the forms of production

politics in the two periods, but one would expect the period of extensive development, of primitive socialist accumulation, to be characterized by forms of bureaucratic despotism in which workers' resistance was even more limited than it was at Red Star. The reforms opened up the labour market as a response to the labour shortage, so that from 1968 to 1969 labour turnover increased by 74 per cent.⁷⁹ In 1971 many workers had greater opportunities to quit their work at Red Star, despite attempts to punish 'migrating birds',⁸⁰ and they were in a better position to obtain income from activities outside the socialist sector than would have been the case twenty years earlier. We must examine the nature of the 'second economy' in greater detail to appreciate its impact on factory politics.

Interest in the second economy was originally stimulated by recognition of the importance of the 'unofficial' economic transactions (the black and coloured markets) operating alongside the socialist sector in the Soviet Union. In the West these were held to demonstrate the irrationality of socialist planning and the superiority of the market as a vehicle for distribution and production. Not surprisingly the concept has been elaborated in greatest empirical detail in Hungary, but it has always been defined in relation to the first economy, often as a residual category: 'By "second economy" we mean the ways in which capacity to work is utilized outside the socialized economic sector as well as the income redistribution processes among the population outside socially organized distribution in their entirety.'⁸¹ This definition directs attention away from the independent dynamics of the second economy, away from the relationship among its different parts and of these parts to different segments of the first economy. However, the data collected by Gábor and others clearly delineate the contours of the second economy and allow us to conjecture its effects on factory politics in the state sector.

According to standard interpretations,⁸² the second economy includes legalized private production on agricultural plots and in cooperative enterprises and some retail trade; the unofficial professional services of doctors, dentists, lawyers, teachers and architects; the personal services of housekeepers, cooks, seamstresses and tailors; and the repair services of mechanics, painters, plumbers, electricians and carpenters. All these transactions can take place outside the socialist sector. Within the socialist sector these same service personnel may attract tips, conscience money or bribes; this is also considered part of the second economy. Finally, there are those who illegally use or appropriate state property for their own private economic activities.

In such analyses the critical feature is the differential relationship to the state. Whereas in the first economy the state directs production, in the second economy it regulates only the external conditions of production, limiting among other things the employment of wage labour and the accumulation of capital. In effect the state supplies the conditions and the stimulus for the reproduction of two modes of production subordinated to the socialist sector. On the one hand there is petty commodity production based on self-employment, while on the other hand there is the domestic mode of production where consumption goods which would otherwise have to be purchased are produced by the family units that consume them. Such income which does not derive from labour, including tips and bribes, or what Hegedüs and Márkus call the purchase of good will, and income from appropriated state property, can be regarded as particular modes of *transferring* surplus from the state sector to petty commodity or domestic production.

As we shall see, participation in one or the other of these systems of production, as well as movement between them, shape distinctive responses within the state sector to managerial offensives. Yet these secondary economic activities also depend on the state sector in a number of ways. First, employment in a state enterprise offers workers certain social benefits as well as guaranteed employment that is unavailable to those employed full-time in the second economy. Second, petty commodity and domestic production often depend on the supply of materials from the state sector. Finally, state regulation of the second economy changes so arbitrarily, making illegal and risky what yesterday was legal and safe, that participation in the first economy is essential for security reasons. This also leads to a 'get rich quick' philosophy within the private sector, since long-term investments, innovations and so on become much more risky. One of the consequences is the phenomenon of 'double employment' or *parallel* participation in the first and second economies, with only a few — and during the last decade a diminishing few — *alternating* employment between first and second economies. (Pensioners are an obvious exception to this rule.) Thus, some participation in the second economy is widespread among employees in the first economy. An estimated 75 per cent of families in Hungary participate in the second economy, most broadly defined to include both income and non-income producing activities. It is estimated that those wage earners who participate spend one-and-a-half to two hours beyond the normal eight-hour day in second economy production.

From the point of view of the economy as a whole, petty commodity

and domestic production fill gaps in the provision of services and consumer goods. They contribute an estimated 15 to 20 per cent of the gross national product. They are particularly effective in competing with small and inefficient state enterprises. Petty commodity producers are able to supply goods and services at short notice and more cheaply. Because petty commodity production involves working for oneself, reward is proportional to effort and enterprises are cost sensitive — that is, they must be profitable. Estimates suggest that whereas the ratio of labour time expended in the second economy to that expended in the state sector is of the order of 4 to 22, the income ratio is of the order of 9 to 22.⁸³

The recognition of petty commodity and domestic production by the state has an effect on the centrally determined wage levels. Inasmuch as wages are calculated on the basis of the cost of reproducing labour power, the second economy acts as a brake on their rate of increase, since it is now assumed that it accounts for at least part of the income of all families. With the renewed expansion of the second economy since 1979, real wages have stopped increasing.⁸⁴ At the same time, the expansion of petty commodity production, and in particular its polarization over the last decade, has increased income inequalities despite the growing equalization of wages in the socialist sector.

As we suggested earlier, the existence of alternative incomes has given certain workers in the state sector greater bargaining strength with respect to management, and indeed the stimulus to restrict output (conserve effort), so that economic incentives are less effective. But we should be careful not to generalize for the entire labour force. We must take into account workers' unequal access to the second economy. By no means all workers can engage in petty commodity production, and many workers who are involved in domestic production face an additional drain on income. Although we do not know which sectors of the labour force are active in which segments of the second economy, we do know that only forty per cent of workers in industry and construction have any access to it. What about the remaining sixty per cent? It is possible that other members of their families have access to the second economy. Nevertheless, if wages in the state sector are linked to some national average participation in petty commodity production, then bargaining strength will be increased for some and reduced for others, and economic incentives will be less effective for some and more effective for others.

Who are the workers without access to petty commodity production? We have already discovered variations in participation in the

second economy according to life cycle. Young workers face an acute shortage of housing and a system of allocation which discriminates against them. They have no alternative but to begin construction of their own homes, which may take ten years or more.⁸⁵ During this time they will also face the costs of bringing up their families, so that every extra fillér counts toward some urgently required commodity. Once their children have grown up and their houses are built, such workers can transfer more of their energies out of domestic production and into petty commodity production. They will then be in a stronger position to withstand managerial offensives. But there is a sizable group of workers who do not and will not have access to petty commodity production but are nevertheless necessarily involved in domestic production, particularly agricultural subsistence production. These are the commuters who work in towns and live in villages.⁸⁶ Indeed, half the Hungarian labour force lives in villages — when they come to town they are often housed in large hostels or dormitories. These workers desperately need income from the socialist sector to supplement what they can eke out of the land.⁸⁷ They are often confined to lower-paid jobs in the state sector, and the internal labour market bars them from more lucrative positions. Kertesi and Sziráczi refer to this group as internal guest workers;⁸⁸ they often make do with unstable employment in road construction, railways and seasonal labour in agriculture. They constitute a distinct segment of the labour force, facing discriminatory labour market allocation mechanisms. Many are in fact women and Gypsies. In short, the existence of flourishing petty commodity production for some actually makes others more dependent on performance at work and therefore more vulnerable to the despotic production politics described earlier.

If my analysis is correct, the expansion of petty commodity production alongside the state sector superimposes further divisions of the working class on those already existing by virtue of position in the labour process, level of skill and experience. To what extent these two sets of divisions reinforce or cross-cut each other has yet to be investigated. But our analysis does suggest that sectoral differences among state enterprises are probably less important than those that develop within the enterprise on the one hand and out of relations to the second economy on the other. The second consequence of petty commodity and domestic production is the promotion of individualism and consumerism as powerful as in advanced capitalist countries. Petty commodity production offers a new channel of mobility, a new mode of acquisition which effectively channels discontent in economic rather than political directions. It has all the effects

described by Ely Chinoy in *The Automobile Worker and the American Dream* — above all, blame for failure is attributed to the lack of sufficient exertion on the part of the individual. An obvious question now arises: how representative is Hungary of East European countries? To the extent that atomization, individualism and segmentation are distinctive features of working classes in Eastern Europe and the Soviet Union, how do we explain the extraordinary levels of collective solidarity recently witnessed in Poland?

4. Class Struggles under State Socialism

We have so far considered varieties of production politics in Hungary and their determinants. We must now consider their consequences for class struggles. It is necessary first to map out the meaning of class under state socialism and then to suggest the generic forms of class struggle before embarking on their specific manifestations in different countries. We will finally consider alternative forms of socialism prefigured in the working-class struggles of Eastern Europe.

The Transparency of Class

Under advanced capitalism the existence of unpaid labour is mystified in four interrelated ways. First, labour is paid as though for the entire working day; second, profit is realized in the market; third, profit appears as a return on invested capital; and fourth, ownership of the means of production is separated from the direction of work. The problem for the capitalist is to secure what has been obscured — unpaid labour. Moreover, the success of the operation is known only after the fact — profit is recovered only after the production of commodities and after wages have been advanced. In other words, the process of expropriation coincides with and is thereby masked by the process of production. So without profit workers have no jobs — that is, workers have an interest in capitalist exploitation.

Under state socialism the processes of production and expropriation are separated. Unpaid labour becomes transparent. The exploiters and the exploited are revealed as the class of redistributors and its agents on one side and the direct producers on the other. As workers no longer have a clear-cut material interest in the success of the firm, they must be coerced or bribed into rendering a surplus product. The state is present at the point of production as simultaneous exploiter and oppressor, as appropriator of surplus and regulator of production.

These distinctive features of production politics and state politics

under advanced capitalism and state socialism give rise to characteristic forms of class struggle. Under advanced capitalism, enterprise struggles are isolated from one another and organized within limits defined by the survival of the firm. Only under exceptional circumstances do struggles spill over into the wider political arena. Under state socialism, enterprise struggles are immediately struggles against the state, because the factory apparatuses are also apparatuses of the state and because the state is the transparent appropriator of surplus product as well as the redistributor of wages and services and the regulator of prices. Moreover, so long as direct producers are not systematically enjoined to a collective societal interest, their struggles are limited only by the forces of repression or the distribution of concessions.

What can we say about the forms of consciousness that emerge under the two systems? Braverman defined the central tendency of the capitalist labour process as the separation of conception and execution. But he made it clear that he was referring only to the objective moment of production, not to its subjective moment. Under the hegemonic regime the direct producer's day-to-day experience is of the individual bound beneath the domination of capital, whose interests are presented as the interests of all. The direct producer is not inserted into the labour process as a member of one class in opposition to another.

Under state socialism the objective development of the separation of conception and execution becomes the basis of a subjective orientation to society as a whole. Conception and execution become more than categories with which to grasp the development of the labour process or the historical experience of the direct producer. They become the defining elements of class structure. The conceivers or planners are the transparent perpetrators of domination and exploitation, justified by their supposedly superior comprehension of the collective interest. The executors are the direct producers, who can partake in the planning process only by leaving their class and joining the planners. This polarization of classes is as clear on the shopfloor — in the political identification of inspectors, foremen, clerks, and other non-productive workers as agents of redistribution — as it is in the wider society. Thus, Montias refers to one particular but often unarticulated grievance that threads through all accounts of workers' strikes in Eastern Europe. This is 'that the management and the auxiliary bureaucracy that administer production plants and shipyards are inflated in numbers, paid too much in relation to workers, and receive disproportionate benefits in the form of vacations, sick

leaves and other privileges. One workers' representative at the Szczecin shipyards put this issue in ideological terms, claiming that the authorities by creating different working conditions for blue-collar workers and for white-collar employees and management, were artificially segregating people into classes.⁸⁹

In his analysis of housing allocation Szelényi notes the same development of class privileges, which place the unskilled workers in a doubly disadvantaged position. The redistributors and their agents not only receive much of the available housing but get it at heavily subsidized prices.⁹⁰

Class struggles bring the executors into direct confrontation with the conceivers. As a result, direct producers become conscious of their function and develop an interest in appropriating the planning function, in taking over the direction of society; they articulate, however inchoately, the principle that 'those who produce the surplus product should dispose over it, not those who claim that they know better how it should be distributed.'⁹¹ This consciousness is heightened by the actual control over production that core workers necessarily exercise as a result of the uncertainties that typically penetrate the shopfloor. Their hostility to the 'bureaucracy' is exacerbated by their knowledge that the supposed conceivers do not appear to conceive anything, this function being actually carried out by the direct producers. Such forms of shopfloor control can only enhance the sense of efficacy of the core workers. Ironically, then, workers are more likely to recover a socialist consciousness and struggle to appropriate control over production and distribution of surplus under state socialism than under capitalism. That is, such control struggles are endemic to state socialism — what must be determined is the form they take in different societies, and at different times.

Varieties of Class Struggle

Whereas a hegemonic regime *organizes* struggles within limits, bureaucratic despotism *represses* open struggle. The form of resistance reflects the form of domination. Haraszti recounts one individualistic response which captures the impetus to recombine conception and execution. In moments grabbed between jobs, workers turned to the production of 'homers', useless but imaginatively conceived objects, shaped (very often with the assistance of others) out of scraps of metal. Homers express an antithesis (and antipathy) to the detail labour of individualized commodity production. They represent what Marcuse calls play: 'The ideas of play and display now reveal their full

distance from the values of productiveness and performance: play is *unproductive* and *useless* precisely because it cancels the repressive and exploitative traits of labour and leisure; it just "plays" with the reality.⁹² Although such forms of utopian escape play a role under capitalism, they assume a more symbolic and powerful form under more total forms of domination.

More generally, where repression is effective, as it is for the most part in the Soviet Union, resistance is forced into such expressions of individualism. Thus Zaslavsky argues that the repressive atomism of the period of socialist primitive accumulation gave way in the 1950s to new expressions of 'deviance' such as alcoholism, absenteeism and labour turnover.⁹³ Ticktin refers to the restriction of output and production of waste as marks of struggles to regain control over production.⁹⁴ And according to Holubenko, '[T]he right not to work hard at the factory is one of the few remaining rights which the Soviet worker holds. The Soviet worker will resist and "carry on a clandestine struggle", as one Soviet dissident put it, against all efforts to intensify the work pace.'⁹⁵

Despite the pervasive atomization of the working class, strikes, riots and other forms of collective protest do break out in the Soviet Union. Although little is known about them, odd references appear in the Soviet media and the underground press. Not surprisingly, strikes are often instigated by attacks on the general standard of living, such as food shortages or price increases, and attempts to link the 'social wage' to productivity. Thus, such collective mobilization as occurs often springs from norm revisions or inadequate housing.

Holubenko's analysis of the available descriptions of strikes suggests that workers spontaneously direct their hostilities to the seat of power, the local party headquarters; when they get no satisfaction there they target the regional or even national headquarters. The working class is very conscious of the decisive concentrations of power and the organs which shape its daily life. Holubenko's data also suggest that strikes tend to occur more frequently away from centres of power. Peripheral regions are less strategic to the regime and therefore less effectively policed. They are also more likely to suffer from shortages of basic subsistence goods. But strikes can be put down with much greater violence — often including the shooting of workers — since there is less risk that the disturbances will spread. By contrast, when strikes occur in the major centres, the state makes rapid economic concessions to defuse protest. It then follows with a relentless persecution of the strike leaders.

If the development of a cohesive working-class movement is impos-

sible in the Soviet Union of today, the same is not necessarily true where a rudimentary civil society has opened up and workers' organizations have managed to build horizontal ties, a working-class community. Poland and Hungary are examples of countries where such a civil society has opened up, but how do we explain the mobilization of the working class in one and not in the other? The arguments developed in the previous sections suggest that the relationship of the enterprise to the state is critical to the emergence of working-class mobilization. Thus, the greater autonomy of the Hungarian enterprise allows management to combine repression and concessions in such a way as more effectively to divide the labour force and to obtain the cooperation of its most powerful sections. In Poland the much higher degree of centralization left management less room to organize and pre-empt struggles, while establishing a more cohesive opposition to the directing centre. The division of the economy into priority and non-priority sectors was more significant, whereas the bifurcation of production politics within the enterprise was less significant than in Hungary. Centralization generated more acute shortages in the Polish economy, exacerbating tensions between enterprises and entailing that strikes, slowdowns and production failures in one enterprise reverberated through the economy.

In assessing the form of production politics is it sufficient to look at the relationship between factory and state? Are the factory apparatuses in Hungary and Poland so different as to account for class demobilization in the former and rapid class mobilization in the latter? How important are workers' economic activities outside the enterprise? Here there are clear differences. Extensive privatization of agriculture in Poland led to the polarization of rural communities into independent farmers on one side and peasant workers on the other.⁹⁶ In 1962 forty-two per cent of rural families obtained less than ten per cent of the value of their agricultural production from wage labour. These families were largely independent of the industrial sector.⁹⁷ Peasant workers, on the other hand, were in a much weaker position as they depended on plots of land to supplement income from wage labour. As industrial workers they had lower levels of labour turnover, put in more hours of work over the year, were less absent and drew on welfare facilities less frequently than did urban-based employees.⁹⁸ One might surmise, therefore, that the industrial labour force is also polarized between the skilled workers with a weak attachment to the land and unskilled or semi-skilled peasant workers. Could it then be that the skilled workers, precisely because they perform a critical role in production and at the same time are cut off from

alternative incomes, are more prone to collective mobilization? In Hungary the dominance of the cooperative, and to a lesser extent the state farm, does not permit the same polarization between farmers and peasant workers. Instead cooperatives encourage all sectors of the labour force to engage in part-time agricultural production, while the state is more tolerant of the expansion of other forms of petty commodity production. The result is that a 'traditional' working class with a powerful collective consciousness never congealed in Hungary as it has done in Poland.

In the above discussions I quite deliberately played down the significance of conventional explanations which revolve around nationalism, the church and popular traditions. I take the opening up of civil society as a necessary but, as the Hungarian case makes clear, not sufficient condition for working-class mobilization. Accordingly, I have tentatively hypothesized that the Hungarian working class is segmented by virtue of enterprise autonomy and atomized by virtue of its participation in other modes of production, while the Polish working class, with more restricted access to other modes of production, seeks advancement through collective struggles rather than individual mobility.

Prefiguring Alternative Socialisms

What does the future hold for Eastern Europe? The most interesting attempts at transition have occurred in the periphery of the Soviet orbit. The political relaxation that was set in motion after 1956 reverberated throughout Eastern Europe, splitting party apparatuses into reformist and old-guard factions. In Poland a new regime was swept into power on a wave of opposition to the repressive policies of the old order and its subordination to the economic and political interests in the Soviet Union. In Hungary protest by students and intellectuals combined with divisions in the party apparatus to fire working-class struggles.⁹⁹ The state apparatuses collapsed, leaving a vacuum both at the central administrative level and at the regional and factory levels. The Russian tanks moved in, but not before a situation of dual power had been proclaimed. For a short time workers took control of their enterprises and began to construct rudimentary coordination of enterprises from below. An embryonic system of collective self-management was established, only to be crushed by the overpowering presence of the occupying forces.

The Hungarian factory occupations resulted from the internal divisions and collapse of state power rather than from a mounting

working-class movement. The ascending mobilization of the Polish working class from 1956 (or 1944) to 1970 to 1976 and thence to 1980 led in a very different direction. The twenty-one demands made at Gdansk in August 1980 included the satisfaction of material needs, the right to form independent trade unions and to strike, the elimination of party privileges, and the ending of press censorship, but, significantly, they omitted any reference to workers' self-management. Past attempts to introduce workers' councils had shown them to be a sham, a way of cooling off a volatile situation without granting any real concessions, particularly when workers had no means of influencing the central powers. Workers' self-management is meaningless if all the essential decisions are made outside the factory. Moreover, in the first months of its existence Solidarity adopted the formula of a 'self-limiting revolution' which forced the movement into a trade-union corset, refusing to be held responsible for economic decisions and the deteriorating economic conditions. As Staniszkis has argued, Solidarity adopted a fundamentalist rather than a pragmatic orientation to the old regime, failing to develop new institutions which might consolidate and defend any gains made.¹⁰⁰

Only when the economy appeared to be heading toward catastrophe, the official regime seemed to have run into paralysis and negotiations between Solidarity leaders and the government were deadlocked, did the goals of economic reform and workers' self-management gain support within the movement. But here there was soon a collision with the party over who would control the appointment of enterprise management and to whom it would be responsible. A compromise was struck, forestalling a general strike, but by this time much of the working class was already demobilized and a gap had emerged between the rank-and-file members of Solidarity and its leadership. Efforts at building a system of collective self-management from below received only lukewarm support from the Solidarity leadership, which was threatened by such devolution of power. The horizontal ties, constructed both within the party and among enterprises in the early months of Solidarity, were never effectively consolidated through the radical transformation of factory apparatuses. Not only was this a lost opportunity to construct a system of collective self-management, but it left Solidarity significantly more vulnerable to repression when martial law was declared.

For all its shortcomings, and despite the different outcomes, Solidarity did develop that ascendant dynamic which we saw in operation between the two Russian revolutions of 1917.¹⁰¹ Although both movements were potentially revolutionary in that they threatened the

existing political order, neither was radical at the outset. Beginning with defensive demands for the protection of living standards, the movements only later escalated to demands for the restructuring of state politics. In this way, it became clear that any transformation of production politics required a corresponding transformation of state politics. In both cases the collapse or paralysis of the state was a necessary condition for the further radicalization of the movement, since it offered the opportunity for, and in some cases forced, workers to take over factories. However, once workers assumed responsibility for factory management, the necessity of horizontal linkages, of co-ordination of the economy from below, became apparent. The factory committees in Russia and the Network in Poland took steps to build such horizontal links, beginning to construct from below an alternative society based on the principle of collective self-management. But it was a fragile system as long as there was no state to protect it. And when such a state did emerge in Russia, it quickly developed interests for centralization, opposing the system of collective self-management and the devolution of power.

We find ourselves confronting a number of paradoxes. First, state socialist rather than advanced capitalist societies generate movements for worker direction of society, which in its most developed form leads toward collective self-management. The fusion of production politics and state politics is a necessary if not sufficient condition for the development of socialism oriented toward workers' control. Second, these movements require organizational resources which presuppose the opening up of a rudimentary civil society — that is, institutions outside the economy and outside the direct control of the state. In other words, in order to be effective, struggles for workers' control require the trappings of bourgeois society. But, as we see in the case of Hungary, those trappings may also demobilize and atomize the working class. Third, working-class movements are most likely to develop some muscle in the periphery of the Soviet orbit, where they are infused with nationalist sentiment. But because they take place in peripheral societies they are particularly vulnerable to external and internal repression. Solidarity's 'self-limiting revolution' was a bold and creative attempt to deal with these paradoxes.

Notes

1. Two recent books very sensitive to these issues are Alec Nove's *The Economics of Feasible Socialism*, London 1983, and Ferenc Fehér, Agnes Heller and György Márkus, *Dictatorship Over Needs*, Oxford 1983.

2. See Carmen Sirianni, 'Production and Power in a Classless Society: A Critical

Analysis of the Utopian Dimensions of Marxist Theory', *Socialist Review*, no. 59, 1981, pp. 33-82, for an elaboration of this critique of recent theories of the labour process.

3. See, for example, Charles Sabel and David Stark, 'Planning, Politics and Shop-Floor Power: Hidden Forms of Bargaining in Soviet-Imposed State-Socialist Societies', *Politics and Society*, vol. 2, no. 4, 1982, pp. 437-76; and David Stark, 'The Micro Politics of the Firm and the Macro Politics of Reform', in Peter Evans, Dietrich Rueschemeyer and Evelyn Huber Stevens, eds., *States vs. Markets in the World System*, Beverly Hills 1985 (forthcoming).

4. In this section I have been particularly influenced by the class analysis of G. Konrád and I. Szelényi (*Intellectuals on the Road to Class Power*, New York 1979) and M. Rakovski (*Towards an East European Marxism*, London 1978), and the economic analysis of J. Kornai (*Economics of Shortage*, 2 vols., Amsterdam 1980) and T. Bauer ('Investment Cycles in Planned Economies', *Acta Oeconomica*, vol. 21, no. 3, 1978, pp. 243-60).

5. This formula is borrowed from Konrád and Szelényi. But it is important to make the following qualification. Just as capitalists make economic concessions to workers in order to elicit their cooperation, so under socialism similar concessions are made to firms and workers by teleological redistributors. But in neither case do the concessions touch the essential principles based on the search for profit and the central appropriation of surplus.

6. Kornai, op.cit.

7. D. Nuti, 'The Contradictions of Socialist Economies: A Marxist Interpretation', in *The Socialist Register* 1979, London 1979, pp. 228-73, and 'The Polish Crisis: Economic Factors and Constraints', in *The Socialist Register* 1981, London 1981, pp. 104-43; and M. Kalecki, *Introduction to the Theory of Growth of the Socialist Economy*, London 1969.

8. The dynamics of the shortage economy operate independently of the level of development of the forces of production; they are not a product of Hungarian 'underdevelopment', and I found exactly the same dynamics emerging in Allied. Planning in the big corporation faced problems of shortage similar to those I have described for state socialism. Thus, the Allied engine division operated under soft budget constraints. Its relationship to the divisions it supplied was subject to continual bargaining, and its annual plan was continually revised in the light of the changing needs of those divisions. The result was that uncertainty penetrated the shopfloor, exemplified by the 'hot jobs' that appeared from time to time, pre-empting any existing work. Obviously the degree of uncertainty in supplies was less than in the socialist enterprise, since market forces operated in the division's relations with companies outside the corporation, yet still the phenomenon of rushing could be observed.

9. Solomon Schwarz, *Labour in the Soviet Union*, New York 1951, chapter 3.

10. Nuti, 'Contradictions of Socialist Economies'.

11. X. Richet, 'Is There a "Hungarian" Model of Planning?', in Paul Hare, Hugo Radice and Nigel Swain, eds., *Hungary: A Decade of Economic Reform*, London 1981, pp. 23-40; M. Bornstein, 'Price Policy in Hungary', in A. Abouchar, ed., *The Socialist Price Mechanism*, Durham, North Carolina 1977.

12. Charles Bettelheim, *Economic Calculation and Forms of Property*, London 1976.

13. M. Laki, 'End-Year Rush-Work in Hungarian Industry and Foreign Trade', *Acta Oeconomica*, vol. 25, nos. 1-2, 1980, pp. 37-65; David Granick, *Enterprise Guidance in Eastern Europe: A Comparison of Four Socialist Countries in Eastern Europe*, Princeton 1975, pp. 257-316; Bauer, 'The Contradictory Position of the Enterprise under the New Hungarian Economic Mechanism', *Coexistence*, no. 13, 1976, pp. 65-80.

14. I. Szelényi, 'Urban Development and Regional Management in Eastern

Europe', *Theory and Society*, vol. 10, 1981, pp. 169-205.

15. Julius Rezier, 'Recent Developments in the Hungarian Labour Market', *East European Quarterly*, vol. 10, no. 2, Summer 1976, pp. 265-6; István Gábor and Péter Galasi, 'The Labour Market in Hungary Since 1968', in Hare, Radice and Swain, pp. 49-52.

16. Granick, *Enterprise Guidance in Eastern Europe*, pp. 262-9; M. Marrese, 'The Evolution of Wage Regulation in Hungary', in Hare, Radice and Swain, pp. 63-6. Attempts to use capitalist techniques for increasing worker productivity in the Soviet Union have met with little sustained success. Thus, although the Shchekino experiment did score some initial successes these proved to be short-lived (R. Arnot, 'Soviet Labour Productivity and the Failure of the Shchekino Experiment', *Critique*, no. 15, 1981, pp. 31-56). The aim of the experiment was to tie the interests of the workforce to enterprise performance by reducing the number of employees while maintaining the size of the wage fund. The savings obtained by dismissing workers would, with certain limitations, be distributed to the remaining workers. At the original Shchekino plant the released personnel were absorbed into a new plant nearby. Between 1967 and 1974 production grew 2.5 times, the number of workers fell by 1500, productivity increased 3.1 times, and average wages grew by 44 per cent. The very success at Shchekino tells us something of the overmanning in Soviet industry. Yet the experiment was never successfully generalized, for a number of reasons. First, it relied on the creation of unemployment, which is incompatible with the tendencies toward labour hoarding in a shortage economy and with the political imperatives of state socialism. Second, the autonomy of the enterprise to distribute the proceeds of its savings continued to be severely circumscribed by state regulation, particularly control over investment and the determination of plan targets by achieved level. Third, the maintenance of soft budget constraints meant that criteria of profit and productivity could be only weakly incorporated into managerial strategies. The eventual failure of the experiment highlights the distinctive character of the redistributive economy.

17. Harmondsworth 1977.

18. *Ibid.*, p. 134.

19. 'Hungarian Profiles -- An Interview with Miklós Haraszti', *Labour Focus on Eastern Europe*, vol. 2, no. 6, 1979, p. 16.

20. There are a number of problems with Haraszti's study which will emerge in the course of the analysis. Above all it focuses on the despotic character of work at the expense of the ways in which workers cope with their conditions. For example, we are led to believe that it is impossible for workers to restrict output, yet prices are continually being revised downward and output seems to be maintained at a constant level. Second, the book is written entirely from the perspective of an individual machine operator, and therefore reflects the operator's fragmented experience — each chapter is another fragment. Like Haraszti, the reader is never allowed an insight into the totality of the production process, or the pressures on auxiliary workers and on various levels of management. Furthermore, the plant itself is not contextualized. Third, Haraszti himself is not a normal machine operator; he is an intellectual intruding into alien territory. It is possible that his class origins excited hostility from fellow-workers and foremen. More important was the fact that Haraszti was a novice to the machine shop and therefore necessarily found the rates difficult to make and social relations difficult to manipulate. Still, based on my own experience in a similar shop in Hungary, I accept Haraszti's portrait of Red Star's factory regime as unusually despotic. See my 'Piece Rates, Hungarian Style', *Socialist Review* (January, 1985).

21. Haraszti, p. 111.

22. *Ibid.*, p. 26.

23. *Ibid.*, p. 25.

24. *Ibid.*, p. 27.

25. *Ibid.*, p. 90.

26. *Ibid.*, pp. 36-7.

27. *Ibid.*, p. 40.

28. *Ibid.*, p. 51.

29. *Ibid.*, p. 49.

30. *Ibid.*, p. 63.

31. *Ibid.*, p. 59.

32. Central Statistical Office, *Statistical Yearbook 1980*, Budapest 1981, p. 140.

33. Haraszti, pp. 56, 57.

34. *Ibid.*, pp. 134, 136-7.

35. *Ibid.*, p. 39.

36. *Ibid.*, p. 58.

37. *Ibid.*, p. 119.

38. *Ibid.*, p. 132.

39. *Ibid.*, p. 114.

40. *Ibid.*, p. 115.

41. *Ibid.*, pp. 53, 66.

42. *Ibid.*, p. 90.

43. *Ibid.*, p. 28.

44. *Ibid.*, p. 31.

45. *Ibid.*, p. 32.

46. *Ibid.*, p. 80.

47. *Ibid.*, p. 76.

48. *Ibid.*, p. 33.

49. *Ibid.*, p. 84.

50. *Ibid.*, p. 86; quote from one of Haraszti's fellow-operators.

51. *Ibid.*, p. 101.

52. *Ibid.*, p. 101.

53. *Ibid.*, pp. 86-7.

54. *Ibid.*, p. 118.

55. *Ibid.*, p. 67.

56. *Ibid.*, p. 69.

57. There were racial divisions among workers at Allied, but since they were not systematically reproduced on the shopfloor they did not break up workers into opposed groups. Only in the white-dominated union local did racial tensions erupt.

58. Haraszti, pp. 93-4.

59. *Ibid.*, p. 42.

60. *Ibid.*, p. 95.

61. *Ibid.*, p. 95.

62. *Ibid.*, p. 97.

63. Engels, 'Socialism: Utopian and Scientific', in Tucker, pp. 605-39.

64. Haraszti, p. 132.

65. *Ibid.*, p. 45.

66. Granick, *Enterprise Guidance in Eastern Europe*, pp. 302-3.

67. Studies of the Soviet Union suggest such a pattern. Thus Granick, referring to the late 1930s, points to the special treatment and closer attention received by firms in key sectors from the *glavki* (planning agencies) (*Management of the Industrial Firm in the USSR*, New York 1954, p. 23). For the same point in the contemporary period see V.

Andrie, *Managerial Power in the Soviet Union*, Lexington, Massachusetts 1976, pp. 22-4. Viktor Zaslavsky highlights the distinction between normal and 'closed' or 'regime' enterprises, roughly corresponding to the cleavage between traditional and advanced industrial sectors ('The Regime and the Working Class in the USSR', *Telos*, no. 42, Winter 1979-80, pp. 16-7). The latter are linked primarily to military and space production. Wages and benefits are higher, modern techniques and machinery are used, but control and surveillance are more intense. W. Teckenberg detects a dualism between large and small firms, with high turnover, low wages, poor working conditions and a higher percentage of women in the latter ('Labour Turnover and Job Satisfaction: Indicators of Industrial Conflict in the USSR', *Soviet Studies*, vol. 30, no. 2, 1978, pp. 193-211). Large enterprises are able to offer not only greater job opportunities but also more social, cultural and welfare services. Literature on Hungarian planning also stresses the greater bargaining power of larger firms which monopolize production of key goods (T. Laki, 'Enterprises in Bargaining Position', *Acta Oeconomica*, vol. 22, nos. 3-4, 1979, pp. 227-46; Kornai, p. 318).

68. 'The Contradictory Position of the Enterprise', pp. 73-4.

69. Laki, op. cit.

70. Basing herself on a study of five Soviet firms, M. McAuley argues that relations between enterprises and the state govern the struggles between management and union at the level of the enterprise (*Labour Disputes in Soviet Russia 1957-1965*, London 1969). The two cooperate in bargaining for as loose a plan and as big a wage fund as possible. Only once the plan is determined does struggle ensue, and then it is shaped by the slack afforded by the targets. A loose plan and a large wage fund give considerable scope for struggle, and the *fakkom* (factory committee of the union) is more likely to attempt to advance the workers' interests. Norm revisions occur only with new machines (McAuley, pp. 99, 177). When the plan is tight the *fakkom* is more likely to be dominated by managerial personnel and struggles more restricted. Under such circumstances management is more likely to unilaterally initiate norm revisions (McAuley, p. 186) and to attempt to regulate production through more despotic means.

71. A number of commentators have noted a similar dualism within the capitalist firm. Thus, Friedman distinguishes between managerial strategies toward core and peripheral workers within the enterprise: core workers are governed through 'responsible autonomy' while peripheral workers are subject to 'direct control' (*Industry and Labour*). Fox highlights the importance of trust for managerial control over those workers whose jobs entail discretion, while more coercive mechanisms can be deployed against workers to the extent that their jobs have been emptied of discretion (A. Fox, *Beyond Contract: Work, Power and Trust Relations*, London 1974). However, the bifurcation of the labour force within socialist enterprises is much more marked because of the penetration of horizontal and vertical uncertainty and the central determination of wage funds or average wage levels. Under capitalism the uncertainty and zero-sum character of the distribution of surplus are experienced and dealt with more at the level of market relations among enterprises — that is, the development of 'competitive' and 'monopoly' sectors.

72. Lajos Héthy and Csaba Makó, 'Obstacles to the Introduction of Efficient Money Incentives in a Hungarian Factory', *Industrial and Labor Relations Review*, no. 24, 1971, pp. 541-53; 'Work-Performance, Interests, Powers and Environment', *The Sociological Review Monograph*, no. 17, 1972, pp. 123-50; and 'Labour Turnover and the Economic Organization: Sociological Data on an Approach to the Question', *Sociological Review*, no. 23, 1975, pp. 267-85; and Csaba Makó, 'Shopfloor Democracy and the Socialist Enterprise', University of Turku, Department of Sociology and Political Research, *Sociological Studies* A:3, 1978.

73. Héthy and Makó, 'Obstacles to the Introduction of Efficient Money Incentives'.

74. György Sziráczki, 'The Development and Functioning of an Enterprise Labour Market in Hungary', *Economies et Sociétés*, nos. 3-4, 1983, pp. 540-3.

75. Marrese, op. cit. István Gábor notes that state control of average wages in cooperative farms and of the average wage bill in the state industrial enterprises encouraged the latter to subcontract to the former ('The Second Economy and Its "Fringes" in Hungary from the Late Sixties up to the Present', unpublished paper prepared for the International Conference on the Unobserved Economy, Netherlands Institute for Advanced Study, 1982, pp. 23-4). The part of the wage bill saved by such subcontracting was used to boost the earnings of the labour force remaining in the state enterprise.

76. Piece-rate systems are attractive to managers of state socialist enterprises for two sets of reasons. First, they combat the effects of employment security with wage insecurity so long as there is no guaranteed minimum wage and norm revisions are arbitrary. According to Kirsch, both conditions held in the Soviet Union before 1957, so that goldbricking and quota restriction were more or less futile attempts by workers to control the effort bargain (L. Kirsch, *Soviet Wages*, Cambridge, Massachusetts 1972, p. 17). However, Kirsch also refers to annual bouts of output restriction before the customary February norm revisions as workers attempted to maintain old rates (p. 45). Kirsch cites studies that suggest that after the wage reforms of 1957 workers did throw in the towel and not bother to expend much effort when their gravy jobs became stinkers — a pieceworker's nightmare. This was likely to happen to the extent that the state's attempt to centralize norm determination was successful. Central determination of norms seriously threatened to undermine the second function of the piece-rate system. 'The basic reason for and rationale of the greater scope of incentive wages in Soviet industry revolve around the labour market conditions. Relatively "free" local labour markets exist in both economies. In the United States, the individual firm is generally able to adjust wage rates in accordance with local scarcity conditions. A theme that runs throughout this study is that for the Soviet enterprise, such adjustment must be accomplished mainly through the distribution of incentive payments. Thus, the wide application of various incentive systems adds flexibility to an otherwise rigid system of wage administration. The most important source of such flexibility is in the sphere of norm setting' (Kirsch, p. 43).

So long as management had control over norm setting, key workers could be rewarded with loose rates and so could easily boost their earnings. The 1957 reforms attempted to replace 'empirical statistical' norms (i.e. norms based on previous levels of fulfilment) with 'scientific technical' methods of norm determination. Attempts were made to standardize jobs so that norms could be scientifically and centrally determined. This encroachment on the autonomy of enterprise management was bitterly resisted. Where centralization had some success, as in the case of machine operators, the resulting scarcity of such workers led to bottlenecks in production and the necessary relaxation of central control. As Bulganin commented on the period prior to the reforms, 'Norms . . . no longer determined earnings, but rather were set at levels that would provide proper levels of earnings' (Kirsch, p. 46).

77. Szélenyi, *Urban Social Inequalities under State Socialism*, New York 1983, p. 58.

78. Galasi and Gábor, op. cit.

79. Péter Galasi and György Sziráczki, 'State Regulation and Labour Market in Hungary between 1968 and 1982', paper presented at the Fifth Conference of the International Working Party on Labour Market Segmentation, Aix-en-Provence, 1983, p. 3.

80. Haraszti, p. 16.

81. István Gábor, 'The Second Economy', *Acta Oeconomica*, vol. 22, nos. 3-4, 1979, p. 291.
82. Gábor, 'The Second Economy and Its "Fringes" '; Marrese, op. cit.
83. Gábor, 'The Second Economy and Its "Fringes" '.
84. Gálasi and Sziráczi, p. 3.
85. Haraszti, p. 119; Szelényi, *Urban Social Inequalities*, p. 121.
86. G. Konrád and I. Szelényi, 'Social Conflicts of Under-Urbanization', in M. Harloe, ed., *Captive Cities*, New York 1979, pp. 157-74.
87. C. Hann, *Tázlár: A Village in Hungary*, Cambridge 1980.
88. G. Kertesi and György Sziráczi, 'The Structuring of the Labour Market in Hungary', unpublished paper presented at the Oslo Conference of the International Working Party on Labour Market Segmentation, 1982.
89. J. Montias, 'Observations on Strikes, Riots and Other Disturbances', in J. Triska and C. Gati, eds., *Blue-Collar Workers in Eastern Europe*, London 1981, p. 181.
90. Szelényi, *Urban Social Inequalities*.
91. Konrád and Szelényi, *Intellectuals on the Road to Class Power*, p. 224.
92. *Eros and Civilization*, p. 178.
93. Zaslavsky, p. 198.
94. H.H. Ticktin, 'Towards a Political Economy of the USSR', *Critique*, vol. 1, no. 1, Spring 1973, pp. 20-41.
95. M. Holubenko, 'The Soviet Working Class Opposition', *Critique*, no. 4, 1975, p. 22.
96. P. Lewis, 'The Peasantry', in D. Lane and G. Kolankiewicz, eds., *Social Groups in Polish Society*, London 1973, pp. 29-87; G. Kolankiewicz, 'The New "Awkward Class": The Peasant-Worker in Poland', *Sociologia Ruralis*, vol. 20, nos. 1-2, 1980, pp. 28-43.
97. R. Turski, 'Changes in the Rural Social Structure', in J. Turowski and L. Szwengrub, eds., *Rural Social Change in Poland*, Warsaw 1976, p. 53.
98. Kolankiewicz, p. 34.
99. Bill Lomax, *Hungary 1956*, London 1976.
100. Jadwiga Staniszkis, *Poland's Self-Limiting Revolution*, Princeton 1984.
101. Alain Touraine, et al., *Solidarity*, Cambridge 1983; Henry Norr, ' "Quite a Frog to Eat": Self-Management and the Politics of Solidarity', unpublished manuscript, 1983; Staniszkis op. cit.; and Chapter Two of this book.

The Hidden Abode of Underdevelopment

Our analysis of production politics under early and advanced capitalism concentrated on factors internal to those societies. Only when explaining differences among them did we turn to international factors, in particular the timing of industrialization relative to the development of capitalism on a world scale. In the last chapter, we saw how global political forces circumscribed changes in the form and inter-relationship of production politics and state politics in Eastern Europe. We now continue our analysis of the limits set by international factors in a study of the transition from colonialism to post-colonialism in Zambia. We will not examine those international constraints in their own right — that task will be left to the conclusion — but rather their 'internalization' as expressed through the Zambian class structure. We will see how the transformation of the class structure accounts for the changing relationship between production politics and state politics.

In January of 1981, the government of Zambia faced two weeks of industrial unrest and strikes following the expulsion of seventeen labour leaders from the ruling United National Independence Party (UNIP) — the only party in Zambia's one-party state. These leaders came from the executives of the country's major unions, including the Zambia Congress of Trade Unions and the powerful Mineworkers' Union of Zambia. The occasion for the expulsion was union opposition to the new decentralization plan of the Zambian government, which would have given more power to the party in the provincial areas. Although it was presented as the extension of democratic control to the people, union leaders saw it as an attempt to subordinate them to the party and thus to the state. Rank-and-file unionists, already facing increasing hardship due to inflation, wage restraint and scarcity, stood by their leadership and staged walk-outs and strikes.

The most significant feature of these strikes was their explicitly political character, at least in their immediate goal. Directed at the