

struction as to threaten human existence. Inevitably, capitalism will revive the struggle for a radiant future—a future in which history is reappropriated by its makers, in which material insecurity is abolished, and in which individuals are allowed to develop their potentialities. When that time comes, socialists must be better equipped with visions of what they want and how it might work. In the meantime the epigones of Adam Smith should make the most of their honeymoon, because it will not last. And when the pendulum swings there will be no evil communism to blame. The struggle for socialism is at its dawn, not its dusk.

Notes

Preface

1. Chapters 2 and 3 are based on fieldwork conducted for two months at Bánki during the summer of 1984. Chapter 2 was authored by Burawoy as "Piece Rates, Hungarian Style," *Socialist Review* 79 (1985): 43–69. Chapter 3 was jointly authored by Burawoy and Lukács as "Mythologies of Work: A Comparison of Firms in State Socialism and Advanced Capitalism," *American Sociological Review* 50 (1985): 723–37. Chapters 4 and 5 were based on fieldwork conducted at the Lenin Steel Works during the period 1985–87. Chapter 4 was authored by Burawoy and Lukács as "What is Socialist about Socialist Production? Autonomy and Control in a Hungarian Steel Mill," in *The Transformation of Work*, ed. Stephen Wood (London: Hyman and Unwin, 1989), pp. 295–316, while chapter 5 was written by Burawoy as "Reflections on the Class Consciousness of Hungarian Steel Workers," *Politics and Society* 17 (1989): 1–34.

Chapter One: A Sociological Diary

1. Alexander Zinoviev, *The Radiant Future* (London: Bodley Head, 1981).
2. Michael Burawoy, *Manufacturing Consent: Changes in the Labor Process under Monopoly Capitalism* (Chicago: University of Chicago Press, 1979).

3. Miklós Haraszti, *A Worker in a Worker's State* (Harmondsworth, England: Penguin Books, 1977).
4. Michael Burawoy, *The Politics of Production: Factory Regimes under Capitalism and Socialism* (London: Verso, 1985).
5. We discuss these studies in chapter 3.
6. I discuss these factors in much greater detail in *The Politics of Production*, chapter 4.
7. Alfred Chandler, *Strategy and Structure: Chapters in the History of the American Industrial Enterprise* (Cambridge, Mass.: MIT Press, 1962), and Jean-Charles Asselain, *Planning and Profits in Socialist Economies* (London: Routledge and Kegan Paul, 1981).
8. Harry Braverman, *Labor and Monopoly Capital* (New York: Monthly Review Press, 1974).
9. This is also an argument made in Vladimir Andrie, *Workers in Stalin's Russia* (New York: St. Martin's Press, 1988), particularly chapter 3. He argues that Taylorism works only under stable conditions of production, absent in the period of Stalinism.
10. It might be useful to distinguish between "functional flexibility," which refers to the reorganization of work to adapt to uncertainty of inputs, that is, shortages, and "numerical flexibility," which refers to the contraction and expansion of the labor force in response to changing levels of demand. Prototypically, state socialism requires functional flexibility whereas capitalism requires numerical flexibility. For an analysis of these two notions of flexibility as they apply to England, see Anna Pollert, "The 'Flexible Firm': Fixation or Fact?" *Work, Employment, and Society* 2 (1988): 281–317.
11. György Konrád and Iván Szelényi, *The Intellectuals on the Road to Class Power* (New York: Harcourt Brace Jovanovich, 1979).
12. See Alejandro Foxley, *Latin American Experiments in Neoconservative Economics* (Berkeley: University of California Press, 1983), and Karl Polanyi, *The Great Transformation* (New York: Rinehart, 1944).

Introduction to Part One

1. Konrád and Szelényi, *The Intellectuals on the Road to Class Power*.
2. Haraszti, *A Worker in a Worker's State*.
3. Reinhard Bendix, *Work and Authority in Industry* (New York: John Wiley, 1956), chapter 6.
4. Andrew Walder, *Communist Neo-Traditionalism* (Berkeley: University of California Press, 1986).
5. *Ibid.*, p. 8. The idea of "communist neo-traditionalism" is developed most extensively by Kenneth Jowitt. See "An Organizational Approach to the Study of Political Culture in Marxist-Leninist Systems," *American Political Science Review* 68 (1974): 1171–91, and "Soviet Neo-Traditionalism: The Political Corruption of a Leninist Regime," *Soviet Studies* 35 (1983): 275–97.
6. David Stark and Victor Nee, "Toward an Institutional Analysis of State

Socialism," in *Remaking the Economic Institutions of Socialism: China and Eastern Europe*, ed. Victor Nee and David Stark (Stanford: Stanford University Press, 1989), pp. 1–31.

7. Andrie, *Workers in Stalin's Russia*; Lewis Siegelbaum, *Stakhanovism and the Politics of Productivity in the USSR, 1935–1941* (Cambridge: Cambridge University Press, 1988); Donald Filtzer, *Soviet Workers and Stalinist Industrialization* (Armonk, N.Y.: M. E. Sharpe, 1986).

8. In the Soviet Union the state created the distinction between "open" and "closed" enterprises. The "closed" enterprises were often part of the industrial military complex and offered material concessions to their workers in return for political loyalty. See Victor Zaslavsky, *The Neo-Stalinist State* (Armonk, N.Y.: M. E. Sharpe, 1982), particularly chapter 3.

Chapter Two: Piece Rates, Hungarian Style

1. The reference to the "white house" has multiple meanings. The head office of the enterprise was a "white" house, but "white house" also refers to the headquarters of the Central Committee of the party in Budapest. This in turn was an ironic commentary on the pretensions to power of the Hungarian Communist party.

Chapter Three: Mythologies of Industrial Work

1. D. M. Nuti, "Socialism on Earth," *Cambridge Journal of Economics* 5 (1981): 391–403.
2. Ernest Mandel, "Ten Theses on the Social and Economic Laws Governing the Society Transitional between Capitalism and Socialism," *Critique* 3 (1974): 5–22.
3. Charles Bettelheim, *Economic Calculation and Forms of Property* (London: Routledge and Kegan Paul, 1976).
4. Rudolf Bahro, *The Alternative in Eastern Europe* (London: Verso, 1978).
5. Typical is the frequently cited article by Gregory Grossman which emphasizes the difficulties that command economies face in achieving "micro-balance" of supply and demand, while assuming that such a balance is more readily achieved in a market economy. ("Notes for a Theory of the Command Economy," *Soviet Studies* 15:2 [1963]: 101–23.) There are of course notable exceptions, such as Joseph Berliner's study of managerial incentives in the United States and the Soviet Union ("Managerial Incentives and Decision Making: A Comparison of the United States and the Soviet Union," in *Comparative Economic Systems*, ed. Morris Bornstein [Homewood, Ill.: Richard D. Irwin, 1974], pp. 396–427) and Abram Bergson's comparison of productivity between the two countries ("Comparative Productivity and Efficiency in the USA and the USSR," in *Comparison of Economic Systems*, ed. Alexander Eckstein [Berkeley: University of California Press, 1971], pp. 161–218).
6. Tamás Bauer, "Investment Cycles in Planned Economies," *Acta Oeco-*

nomic 21 (1978): 243–60; János Kornai, *The Economics of Shortage*, 2 vols. (Amsterdam: North Holland Publishing Company, 1980); Iván Szelényi, “The Intelligentsia in the Class Structure of State-Socialist Societies,” in *Marxist Inquiries: Studies of Labor, Class, and States*, ed. Michael Burawoy and Theda Skocpol (Chicago: University of Chicago Press, 1982), pp. 287–326.

7. There are a number of studies that have shown that at a system level the productivity of the USSR is less than that of the United States. Needless to say, the computations are very complex and make many assumptions. Briefly, they involve comparing the output of one country with the output of the other if the second were to use the inputs of the first. According to Berliner’s calculations (“Managerial Incentives and Decision Making”) for 1960, if the United States uses Soviet inputs and if the outputs are calculated in Soviet prices, then the relative “efficiency” of the USSR nonfarm economy is between 36 and 39 percent of the United States. On the other hand, if the USSR uses American inputs and calculates output in U.S. dollars, the relative “efficiency” of the USSR nonfarm economy turns out to be between 87 and 98 percent of that of the United States. A similar but more elaborate analysis by Bergson (“Comparative Productivity and Efficiency in the USA and the USSR”) arrives at a relative productivity of the Soviet Union between 39 and 59 percent of the United States’s. The results raise many interesting questions of interpretation. Higher average productivity can be attributed to stage of economic development rather than “system efficiency.” And if we attribute the difference to greater “efficiency,” this does not imply greater technical efficiency of enterprises, but can be explained in terms of allocational efficiency. Finally, the figures only refer to efficiency as realization of production possibilities, not to optimal output, which would involve an evaluation of noneconomic objectives and costs.

8. See Harvey Liebenstein, “Allocative Efficiency vs. ‘X-Efficiency,’” *American Economic Review* 56 (1966): 392–415, and Peter Wiles, *Economic Institutions Compared* (Oxford: Basil Blackwell, 1977), chapter 15.

9. First, we did not pick our two factories. Allied was the only place Burawoy was able to get a job, and he was helped by a close relation who was engineering manager. We stumbled onto Bánki as a result of a lecture Lukács gave at a conference attended by its director. Second, the distinctiveness of Hungary may lie as much in the freedom to conduct research and the relative openness of public discussion as in its industrial organization.

10. Konrád and Szelényi, *The Intellectuals on the Road to Class Power*; Szelényi, “The Intelligentsia in the Class Structure of State-Socialist Societies.”

11. Szelényi, “The Intelligentsia in the Class Structure of State-Socialist Societies.”

12. Kornai, *The Economics of Shortage*.

13. *Ibid.*

14. See, for example, Ernest Mandel, *Late Capitalism* (London: Verso, 1975), and David Gordon, Richard Edwards, and Michael Reich, *Segmented Work, Divided Workers* (Cambridge: Cambridge University Press, 1982).

15. Bauer, “Investment Cycles in Planned Economies.”

16. See, for example, Michel Aglietta, *A Theory of Capitalist Regulation—The U.S. Experience* (London: Verso, 1979); Larry Griffin, Joel Devine, and Michael Wallace, “Monopoly Capital, Organized Labor, and Military Spending in the United States, 1949–1976,” in *Marxist Inquiries: Studies of Labor, Class, and States*, ed. Michael Burawoy and Theda Skocpol (Chicago: University of Chicago Press, 1982), pp. 113–54; and James O’Connor, *The Fiscal Crisis of the State* (New York: St. Martin’s Press, 1973).

17. Kalman Rupp, *Entrepreneurs in Red* (Albany: State University of New York Press, 1983).

18. David Granick, *Soviet Metal-Fabricating and Economic Development* (Madison: University of Wisconsin Press, 1967).

19. Braverman, *Labor and Monopoly Capital*.

20. For more detailed descriptions, the reader can consult Burawoy, *Manufacturing Consent*, for Allied, and the previous chapter of this book for Bánki.

21. Wiles, *Economic Institutions Compared*, p. 25.

22. M. Holubenko, “The Soviet Working Class,” *Critique* 4 (1975): 22.

23. Wiles, *Economic Institutions Compared*, p. 25.

24. David Lane and Felicity O’Dell, *The Soviet Industrial Worker* (Oxford: Martin Robertson, 1978), p. 20.

25. Murray Seeger, “Eye-witness to Failure,” in *The Soviet Worker*, ed. Leonard Schapiro and Joseph Godson (London: MacMillan, 1981), pp. 100–101.

26. Fyodor Turovsky, “Society without a Present,” in *The Soviet Worker*, ed. Schapiro and Godson, pp. 161–62; István Gábor and Péter Galasi, “The Labour Market in Hungary since 1968,” in *Hungary: A Decade of Economic Reform*, ed. Paul Hare, Hugo Radice, and Nigel Swain (London: Allen Unwin, 1981), pp. 41–53.

27. Other studies of Hungarian firms reinforce our observations. See, for example, Lajos Héthy and Csaba Makó, *A Munkásmagatartások és a Gazdasági Szervezet [Workers’ Behavior and Business Enterprise]* (Budapest: Akadémiai, 1972); János Köllő, “Munkaerőhiány, munkaerő-allokáció és bérezés egy pamutszövődében [Labor Shortage, Labor Allocation, and Reward in a Cotton Mill]” in *Kereseti- és Bérviszonyaink [Our Income and Wage Relations]*, ed. Károly Fazekas et al. (Budapest: Hungarian Academy of Sciences, Institute of Economics, paper 28, 1983), pp. 125–86; Zoltán Farkas, “Munkások érdek- és érdekeltségi viszonyai [Relations and Levels of Interest among Workers],” *Szociológia* 1–2 (1983): 27–52; Károly Fazekas, “Teljesítményhiány és teljesítménybérezés a vállalati gazdálkodásban [Restriction of Output and Payment by Results in the Enterprise],” in *Kereseti- és Bérviszonyaink [Our Income and Wage Relations]*, ed. Fazekas et al., pp. 125–86. Mária Ladó and Ferenc Tóth describe in detail the extra tasks, above and beyond the formal requirements of the job, that workers have to complete if they are to make their piece rates (“A munkaráfordítások elismertetésének mechanizmusa és társadalmi következményei a munkaszervezetekben [Mechanisms and Social Consequences of Recognition of Efforts in Labor Processes]” in *A Teljesítmény-növelés feltételei a mun-*

kaszervezetben [Conditions of Productivity Growth in Work Organizations], ed. Ágnes Simonyi [Budapest: ABMH Munkaügyi Kutatóintézet, 1983], pp. 17–42).

28. In reality, of course, within a socialist firm the ease with which workers can make their basic wage varies just as employment insecurity is unevenly distributed within a capitalist firm.

29. Leonard Kirsch, *Soviet Wages: Changes in Structure and Administration since 1956* (Cambridge: MIT Press, 1972), p. 46.

30. Richard Edwards, *Contested Terrain* (New York: Basic Books, 1979).

31. Here are the figures from the last four years of proposed and accepted norm cuts. In 1981, 659 were proposed and 323 (49 percent) were accepted; in 1982, 837 were proposed and 465 (55.6 percent) were accepted; in 1983, 457 were proposed and 265 (58 percent) were accepted; and in 1984, 385 were proposed and 294 (76.4 percent) were accepted.

32. Ferenc Fehér, Agnes Heller, and György Márkus, *Dictatorship over Needs* (Oxford: Basil Blackwell, 1983), p. 36.

33. Joseph Berliner, *The Innovation Decision in Soviet Industry* (Cambridge: MIT Press, 1976), p. xi.

34. See Burawoy, *The Politics of Production*, part 4.

35. Thus, for example, we discovered an elaborate incentive structure in the Hungarian steel industry, according to which managers can more than double their income through sponsoring innovations. Highly rewarded innovation is a prerogative of management. If workers propose an innovation they can get paid only a nominal sum, but if they elicit the cooperation of their bosses and then of their bosses' bosses and so on, the amount of the reward increases commensurately. Ordinarily managers' incomes are little more and sometimes less than those of semiskilled workers, so that money from innovations can be critical to maintaining their life-style.

36. Hedrick Smith, *The Russians* (London: Sphere Books, 1976), p. 282.

37. See, for example, Granick, *Soviet Metal-Fabricating and Economic Development*; Alec Nove, *The Soviet Economy* (New York: Praeger, 1965); Joseph Berliner, *Factory and Manager in the USSR* (Cambridge: Harvard University Press, 1957); Seeger, "Eye-witness to Failure"; Hillel Ticktin, "The Contradictions of Soviet Society and Professor Bettelheim," *Critique* 6 (1976): 17–44; and H. Smith, *The Russians*.

38. We would tentatively suggest that rush work is most likely to occur when there are both supply and demand constraints. Thus Mária Ladó and Ferenc Tóth describe rush work in an electronics firm with workers living in the factory and laboring around the clock in certain periods, while in others staying at home and undertaking second jobs. The firm was subject to intensive shortage of materials on the one side and the demand for punctual delivery on the other. ("Egy ipari üzem munkaszervezete—a hiányjelzésre épülő munkaszervezet [Labor Organization in an Industrial Shop—A Labor Process Based on Shortages]," manuscript, Munkaügyi Kutatóintézet, Budapest, 1982.) Usually socialist firms face weak demand constraints, but here the customer placed ex-

acting and politically enforced demands on the firm. In one of the most systematic studies of arrhythmical work, Mihály Laki comes to similar conclusions, namely that arrhythmical work is the result of accountability to the state, which generates both shortages and ministerial pressures to increase profits and sales. Where the demand constraints are particularly rigid, as in production for exports and investment goods, rush work is more pronounced. Particularly relevant to the discussion here are Laki's figures which suggest that rush work is not much more prevalent in socialist than in capitalist countries, although Hungary has one of the worst records. ("End-year Rush-work in Hungarian Industry and Foreign Trade," *Acta Oeconomica* 25 [1980]:37–65.)

39. David Dyker, "Planning and the Worker," in *The Soviet Worker*, ed. Schapiro and Godson, p. 57.

40. Szelényi, cited in Fehér, Heller, and Márkus, *Dictatorship over Needs*, p. 34.

41. Peter Wiles, "Wages and Incomes Policies," in *The Soviet Worker*, ed. Schapiro and Godson, p. 17.

42. Dyker, "Planning and the Worker," pp. 40–41.

43. See, for example, Randy Hodson and Robert L. Kaufman, "Economic Dualism: A Critical Review," *American Sociological Review* 47 (1982): 727–39; James Baron and William Bielby, "Bringing Firms Back In: Stratification, Segmentation, and the Organization of Work," *American Sociological Review* 45 (1980): 737–65, and "The Organization of Work in a Segmented Economy," *American Sociological Review* 49 (1984): 454–73; Arne Kalleberg, Michael Wallace, and Robert Althaus, "Economic Segmentation, Worker Power, and Income Inequality," *American Journal of Sociology* 87 (1981): 651–83; and Ivar Berg, ed., *Sociological Perspectives on Labor Markets* (New York: Academic Press, 1981).

44. See David Stark, "Rethinking Internal Labor Markets: New Insights from a Comparative Perspective," *American Sociological Review* 51 (1986): 492–504.

45. Turovsky, "Society without a Present," pp. 162–65.

46. For an account of the free play of the external labor market in Hungary, see Gábor and Galasi, "The Labour Market in Hungary since 1968," and Péter Galasi and György Sziráczi, "State Regulation, Enterprise Behaviour, and the Labour Market in Hungary, 1968–83," *Cambridge Journal of Economics* 9 (1985): 203–19. György Kövári and György Sziráczi describe the dilemma of an enterprise seeking to both attract new workers and keep old ones. In 1979 its strategy was to increase the basic wage for newcomers so that it approached that of the old-timers, and at the same time to uncouple actual earnings from basic wages. In this way, key workers could earn two to three times their basic wage, mainly through overtime, while new arrivals would struggle to make their basic wage. Five years later, facing an even worse labor shortage, the company introduced VGMKs in an attempt to retain the allegiance of core workers. The VGMKs not only provided earnings for workers but proved to be cheaper than the two alternatives: importing Polish guest workers and contracting work out.

(Kövári and Sziráczi, "Old and New Forms of Wage Bargaining on the Shop Floor," in *Labour Market and Second Economy in Hungary*, ed. Péter Galasi and György Sziráczi [Frankfurt: Campus Verlag, 1985], pp. 264–92.)

47. Károly Fazekas and János Köllő, "Fluctuations of Labour Shortage and State Intervention," in *Labour Market and Second Economy in Hungary*, ed. Péter Galasi and György Sziráczi (Frankfurt: Campus Verlag, 1985), pp. 42–69.

48. Polanyi, *The Great Transformation*.

49. Fehér, Heller, and Márkus, *Dictatorship over Needs*, p. 76.

50. Seeger, "Eye-witness to Failure," p. 105.

51. Michel Crozier, *The Bureaucratic Phenomenon* (Chicago: University of Chicago Press, 1963).

52. It is widely believed that Hungarian foremen have lost considerable power during the last thirty years and that they are the weakest link in the managerial hierarchy. Lukács argues that this is far from being the case in reality and emphasizes the continuing strength and centrality of the foreman in Hungarian industry. (János Lukács, "A művezetők helye és szerepe munkaszervezeteinkben [The Place and Role of Foremen in Our Labor Organization]." Manuscript, Hungarian Academy of Sciences, Institute of Sociology, 1984.)

53. Lajos Héthy and Csaba Makó, *Munkások, érdekek, érdekegyeztetés [Workers, Interests, Reconciliation of Interests]* (Budapest: Gondolat, 1978).

54. Farkas, "Munkások érdek- és érdekeltségi viszonyai [Relations and Levels of Interest among Workers]"; Kövári and Sziráczi, "Old and New Forms of Wage Bargaining on the Shop Floor."

55. Mária Ladó and Ferenc Tóth, "A munkaszervezet centrumában—A centrális helyzet kialakulásának, újratermelődésének feltételei és következményei [At the Core of the Labor Organization—Conditions and Consequences of Formation and Reproduction of Core Positions in the Labor Process]" (manuscript, 1985).

56. György Sziráczi, "The Development and Functioning of an Enterprise Labour Market in Hungary," *Économies et Sociétés* 3–4 (1983): 517–47.

57. Csaba Makó, *Munkafolyamat: A társadalmi viszonyok erőtere [The Labor Process: An Arena of Social Struggle]* (Budapest: Közgazdasági és Jogi Könyvkiadó, 1985); Gábor Kertesi and György Sziráczi, "Worker Behaviour in the Labour Market," in *Labour Market and Second Economy in Hungary*, ed. Péter Galasi and György Sziráczi (Frankfurt: Campus Verlag, 1985), pp. 216–46.

58. Michael Burawoy and Anne Smith, "The Rise of Hegemonic Despotism in U.S. Industry," *Prokla* 58 (1985): 139–53.

59. Fehér, Heller, and Márkus, *Dictatorship over Needs*, p. 178.

60. Makó (*Munkafolyamat: A társadalmi viszonyok erőtere*) has termed this situation "quasi-bureaucracy." There are bureaucratic rules, but shop-floor workers and managers, instead of following them, exhibit a certain autonomy necessary for adaptation to production exigencies.

61. See also Edwards, *Contested Terrain*.

62. László Bruszt, "Központosság vagy műhely autonómia [Centralization

or Workplace Autonomy]" (manuscript, Institute of Sociology, Hungarian Academy of Sciences, 1984).

63. Chandler, *Strategy and Structure*.

64. Oliver Williamson, *Markets and Hierarchies* (New York: Free Press, 1975), and "The Modern Corporation: Origins, Evolution, Attributes," *Journal of Economic Literature* 19 (1981): 1537–68.

Introduction to Part Two

1. See Joanna Goven, "The Anti-Politics of Anti-Feminism: State Socialism and Gender Conservation in Hungary, 1945–1990" (Ph.D. diss., University of California, Berkeley, 1992). Lynne Haney makes a similar argument in her fascinating paper, "Privatization and Female Autonomy: The Hungarian Woman's Experience" (manuscript, University of California, Berkeley, 1990).

2. Indeed, the Hungarian state has taken advantage of popular support for "the private sphere" by encouraging the autonomy of the family, burdening it with social insurance functions and making it the crucible of the second economy. By overloading the family, the state was able to pay lower wages and reduce its expenditures on welfare programs. Inevitably, this led to soaring divorce rates as compared to the 1950s, when the state tried to regulate the family. In the early period of state socialism the state tried to use women as its agents for establishing a new domestic division of labor and a new code of sexual conduct. At that time women and particularly their "emancipation" came to symbolize the encroachment of the state into the private sphere. See Goven, "The Anti-Politics of Anti-Feminism."

Chapter Four: Production in a Shortage Economy

1. János Kornai, *The Economics of Shortage*.

2. See Michael Piore and Charles Sabel, *The Second Industrial Divide* (New York: Basic Books, 1984). In our view it is not surprising, therefore, that capitalist firms facing demand-side fluctuations turn to more effective control of supplies, as in the Japanese "just in time" system (Schonberger, 1982; Sayer, 1985), since these mechanisms establish the conditions under which the greatest centralization of control can occur. See Andrew Sayer, "New Developments in Manufacturing and Their Spatial Implications" (Working Paper, Urban and Regional Studies, University of Sussex, 1985), and Richard Schonberger, *Japanese Manufacturing Techniques* (New York: Free Press, 1982). Needless to say, we don't share the conventional picture of the Japanese factory as the center of creative autonomous work groups, but rather we see the much more coercive system described by Satoshi Kamata, *Japan in the Passing Lane* (New York: Basic Books, 1983); Robert Cole, *Japanese Blue Collar* (Berkeley and Los Angeles: University of California Press, 1971), chap. 7; and Muto Ichiyo, "Class Struggle on the Shop Floor—The Japanese Case," *AMPCO—Japan-Asia Quarterly Review* 16:3 (1984): 38–49.

3. For an excellent analysis of the way corporate culture is used to obtain the participation of middle managers in their own elimination, see Vicki Smith, *Managing in the Corporate Interest* (Berkeley: University of California Press, 1990).

4. Here we have been very influenced by the work of Iván Szelényi on the character of central appropriation, by the work of Tamás Bauer on plan bargaining, and by the work of János Kornai on the shortage economy. While we accept Kornai's criticism of equilibrium theory and his description of capitalism and socialism as suction and shortage economies respectively, we find his explanation of the differences inadequate. Focusing on hard and soft budget constraints obscures precisely the contributions of Szelényi and Bauer, namely the importance of the logics of appropriation and distribution in the two systems. See Szelényi, "The Intelligentsia in the Class Structure of State-Socialist Societies"; Bauer, "Investment Cycles in Planned Economies"; and Kornai, *The Economics of Shortage*.

5. Originally the scrap yard was fitted out with a computer system that would automatically register the amount of both heavy and light scrap charged. The idea was that the front end of the car that delivers the scrap would be filled with light scrap to cushion the impact of the heavy scrap at the rear when both hit the converter walls. In this way the converter would have a longer life. But shortage of scrap and of time, particularly due to program changes when the amount of scrap would be changed abruptly, made this sorting-out process infeasible. So the computer control system doesn't work; all scrap is registered manually and therefore is easily subject to manipulation. Similar manipulations take place in the case of the hot metal. The crane driver is responsible for registering the amount of hot metal. He can turn his counter to zero after there is already a few tons of hot metal in the ladle.

6. These experts came from a consulting firm linked to one of the biggest United States steel corporations. They had been sent to LKM at the insistence of the Ministry of Industry as part of the conditions for loans from the World Bank.

7. The careful following of heats from the point of steel production to their departure from the factory as finished steel is still not possible. We found it impossible to trace what happened to a given heat after it left the Combined Steel Works. Part of the problem is that because there are so many different steels being produced, parts of the same heat may end up in different places. Another problem, we were told, is that the storage yard contains so many different types of steel that it would be virtually impossible to locate a particular heat. And then there doesn't seem to be a careful recording of steel that is scrapped and returned to steel production.

8. See Donald F. Barnett and Robert W. Crandall, *Up from the Ashes* (Washington, D.C.: Brookings Institution, 1986), and Harland Prechel, "Capital Accumulation and Corporate Rationality: Organizational Change in an American Steel Corporation" (Ph.D. diss., University of Kansas, Lawrence, 1986).

9. Of course, there is the important proviso that self-organization is ineffec-

tive and perhaps counterproductive in the context of intense shortage, most likely to occur in peripheral sectors of state socialist economies or in the early period of taut planning in the Soviet Union. But as state socialism develops and the problem of shortages, while remaining, becomes less severe, so self-organization becomes a possible way of increasing technical efficiency.

10. Here one might also refer to the emergence of worker collectives, known as VGMKs, which are essentially systems of internal subcontracting made up of self-selected, self-organized groups of workers and managers paid for the completion of specific tasks. VGMKs can be found at LKM, but in declining numbers. In a fascinating article, David Stark underlines their simulation of rudimentary markets adapted to uncertainties generated in bureaucratic environments, whereas we regard them as signifying the requirements of self-organization on the shop floor. See Stark, "Rethinking Internal Labor Markets."

Chapter Five: Painting Socialism

1. For his successive class maps see Erik Olin Wright, *Class, Crisis, and the State* (London: Verso, 1978), chapter 2; *Classes* (London: Verso, 1985); and, for his most recent scheme, *The Debate on Classes* (London: Verso, 1989), chapter 8.

2. See, for example, Erik Olin Wright, "Women in the Class Structure," *Politics and Society* 17 (1989): 35–66, and Erik Olin Wright, Carolyn Howe, and Donmoon Cho, "Class Structure and Class Formation: A Comparative Analysis of the United States and Sweden," in *Cross-National Research in Sociology*, ed. Melvin Kohn (New York: Sage Publications, 1989).

3. See Adam Przeworski, *Capitalism and Social Democracy* (Cambridge: Cambridge University Press, 1985), and Adam Przeworski and John Sprague, *Paper Stones: A History of Electoral Socialism* (Chicago: University of Chicago Press, 1986). I have critically examined these works in Burawoy, "Marxism without Microfoundations," *Socialist Review* 89: 2 (1989): 53–86. Adam Przeworski replies in "Class, Production, and Politics: A Reply to Burawoy," *Socialist Review* 89: 2 (1989): 87–111.

4. Of course Przeworski is not alone in this tendency, which has been inspired by Edward Thompson. Although Thompson's book *The Making of the English Working Class* (New York: Vintage Books, 1963) did pay attention to the material conditions of exploitation, his overriding focus was on the language of class as an independent force. Others, such as William Sewell in his *Work and Revolution in France* (Cambridge: Cambridge University Press, 1980) and Garth Fuchs in his *Languages of Class* (Cambridge: Cambridge University Press, 1983), have taken Thompson's cultural analysis even further from the realm of material production. What distinguishes Przeworski's work from this now-fashionable industry of discourse is its theoretical self-consciousness.

5. Also reacting against the teleology of class in itself to class for itself, but nevertheless wishing to retain some connection between the two, Ira Katznel-

son introduces two levels of analysis between “structure” and “collective action”: “ways of life” and “dispositions.” However, by multiplying the range of mediating institutions and allowing lived experience and consciousness to vary independently of each other, he makes the link between class structure and class formation so contingent as to be virtually nonexistent. See Katznelson, “Working Class Formation: Constructing Cases and Comparisons,” in *Working Class Formation*, ed. Ira Katznelson and Aristide Zolberg (Princeton: Princeton University Press, 1986), pp. 3–44.

6. I have learned a great deal from several Berkeley students who have worked along similar lines. Jeffrey Haydu’s *Between Craft and Class: Skilled Workers and Factory Politics in the United States and Britain, 1890–1922* (Berkeley: University of California Press, 1988) shows how factory regimes shaped the different patterns of mobilization among metal workers in England and the United States before World War I. Richard Biernacki’s study of the textile industries in England and Germany shows how different cultural definitions of the commodity labor come to be inscribed in different factory regimes, leading to different forms of protest and, by extension, to different national labor movements (Biernacki, “The Cultural Construction of Labor: A Comparison of Textile Mills in England and Germany” [Ph.D. diss., University of California, Berkeley, 1988]). Soon Kyoung Cho shows how despotic factory regimes in the electronics industry in South Korea tend to mobilize women workers into a collective force, whereas the hegemonic regimes of the Silicon Valley fragment and atomize the work force. See Cho, “The Labor Process and Capital Mobility: The Limits of the New International Division of Labor,” *Politics and Society* 14: 2 (1985): 185–222. Linda Fuller has shown how factory regimes can change within state socialism, allowing greater autonomy from the central directing apparatuses and greater participation for workers. (Fuller, *The Politics of Workers’ Control in Cuba, 1959–1983: The Work Center and the National Arena* [Philadelphia: Temple University Press, 1992].)

7. Jadwiga Staniszkis is one of the few analysts sensitive to the different interests of intellectuals and workers. Rather than arguing that self-limitation emerged spontaneously from the working class, she suggests that Solidarity’s “expert” advisers, acting as conduits for governmental restraint, were responsible for retaining “the leading role of the party” in the preamble to the first agreement. More generally, they engineered the “shift from radical anti-bureaucratic and anti-hierarchical semantics . . . toward liberal semantics underlining human rights problems, but relatively less radical in relation to the political framework existing in Poland.” (Staniszkis, *Poland’s Self-Limiting Revolution* [Princeton: Princeton University Press, 1984], p. 49.) Her conclusion is that Solidarity, rather than forging an alliance with oppositional intellectuals or the Roman Catholic church, should have joined forces with the burgeoning antibureaucratic forces within the party, including the so-called “horizontalist” movement. This was never seriously entertained because of Solidarity’s “fundamentalist” hostility to the party.

8. These themes are emphasized by most accounts of Solidarity. They come across forcibly in the recollections of worker activists and observers from the Baltic Coast region. A number of these reports appeared in English in *Sisyphus* 3 (1982): 252–309. They highlight the importance of the religious symbolism and above all religious rituals, such as the Mass, which maintained the confidence and faith of the workers through the difficult first two weeks of the strikes. The language of class had been appropriated by the dominant class and the party apparatus so that workers drew on their common historical culture but particularly on the language of religion to cement their solidarity. In addition, the reports describe the subjection of party secretaries and trade union officers to public humiliation while, at the same time, rank-and-file party members were often leading activists in Solidarity. Workers also expressed a suspicion of intellectuals, even members of KOR, the Committee in Defense of Workers. Not just critical of hierarchy and bureaucracy, workers set up the basis of democratic representation and participation, often taking them to obsessive lengths.

9. See, for example, Stanislaw Starski, *Class Struggle in Classless Poland* (Boston: South End Press, 1982), pp. 167–245. The socialist project comes out most clearly in the program adopted by the delegates to Solidarity’s national congress at the beginning of October, 1981. Although there was no reference to socialism and although Solidarity’s cultural platform was stridently nationalist rather than internationalist, the program nevertheless included the defense of working-class interests both in production and in consumption, a commitment to social policies which would ensure minimum standards of living and above all equality, and economic reforms which combined planning, self-management, and market. The overall objective was a self-governing republic based on institutions of self-management as well as of a liberal democracy. See *Labor Focus* 5: 1–2 (Spring 1982): 3–14.

10. Gramsci insisted that the occupation and transformation of trade unions, church, party, school, and press—that is, the institutions of civil society—was a necessary part of socialist strategy in capitalist societies of the twentieth century. But he never abandoned the idea that the conquest of civil society would have to be followed by the seizure of state power if any revolutionary transformation was to be successful. Given Poland’s geopolitical situation, Solidarity leaders attempted to avoid this last phase at all costs, always insisting that they were not a party. See, for example, Jacek Kuron, “Not to Lure the Wolves out of the Woods: An Interview with Jacek Kuron,” *Telos* 47 (Spring 1981): 93–97.

11. Timothy Garton Ash, *The Polish Revolution: Solidarity* (New York: Vintage Books, 1985), p. 4. See also Norman Davies’s lucid attempt to read Solidarity back into Polish history, *Heart of Europe* (Oxford: Oxford University Press, 1986). Undoubtedly Polish oppositional intellectuals, such as Adam Michnik, publicly drew lessons from Polish collective memory in their political speeches. But the question remains, how is it that the Poles have been able to sustain and

deepen their collective national consciousness, whereas in other countries (such as Hungary) with similar histories, the national consciousness is less prominent and has failed to galvanize social movements?

12. For economic deprivation see Ian Shapiro, "Fiscal Crisis of the Polish State: Genesis of the 1980 Strikes," *Theory and Society* 10:4 (1981): 469–502, and for resource mobilization see Elisabeth Crighton, "Resource Mobilization and Solidarity: Comparing Social Movements across Regimes," in *Poland after Solidarity: Social Movements versus the State*, ed. Bronislaw Misztal (New Brunswick: Transaction Books, 1985), pp. 113–32.

13. Colin Barker, *Festival of the Oppressed: Solidarity, Reform, and Revolution in Poland, 1980–81* (London: Bookmarks, 1986). The same is true of the "state collectivist" view. Michael Szkolny, for example, argues that the regime has "conceptually embezzled" the essential ideological weapon that could be used by the working class to threaten the social order—socialism and Marxism. While the church has provided the basis for constructing Solidarity in the face of a totalitarian power, it has not created the language for overcoming conceptual embezzlement. So how can Szkolny account for the rise of such a powerful working-class movement in a "state collectivist" society? Here he substitutes historical narrative for sociological explanation. See Szkolny, "Revolution in Poland," *Monthly Review* 33:2 (June 1981): 1–21.

14. Alain Touraine, François Dubet, Michel Wieviorka, and Jan Strzelecki, *Solidarity: Poland, 1980–81* (Cambridge: Cambridge University Press, 1983). See also Grzegorz Bakuniak and Krzysztof Nowak, "The Creation of a Collective Identity in a Social Movement: The Case of 'Solidarność' in Poland," *Theory and Society* 16:3 (May 1987): 401–29.

15. Andrew Arato, "Civil Society vs. the State," *Telos* 47 (Spring 1981): 23–47 and "Empire vs. Civil Society," *Telos* 50 (Winter 1981–82): 19–48.

16. For a different use of the concept of corporatism, see Staniszkis, *Poland's Self-Limiting Revolution*, chapters 1 and 2.

17. Misztal, "Social Movements against the State: Theoretical Legacy of the Welfare State," in *Poland after Solidarity: Social Movements versus the State*, ed. Bronislaw Misztal (New Brunswick, N.J.: Transaction Books, 1985), pp. 143–64.

18. Staniszkis, *Poland's Self-Limiting Revolution*, chapter 1.

19. Adam Michnik, "A New Evolutionism," in *Letters from Prison and Other Essays* (Berkeley: University of California Press, 1985), pp. 135–48. See also Ivan Svitak, "Comparisons," *Telos* 47 (Spring 1981): 110–12. Much earlier, Leszek Kolakowski, in a famous and prophetic article, defended the possibility of reforming "bureaucratic socialism" from within and opposed those who saw real change as emerging only through revolution. He suggested how a movement for democratization might exploit the tensions and contradictions of the post-Stalinist regime. See Kolakowski, "Hope and Hopelessness," *Survey* 17:3 (Summer 1971): 37–52.

20. Two of the most influential accounts of the class character of state socialism deny the possibility of an independent workers' movement. In *The Altern-*

tive in Eastern Europe, Rudolf Bahro goes so far as to dismiss the very concept of the working class: "The concept of the working class has no longer any definable object in our social system, and, what is far more important, it has no object that can appear as a unity in practical action. . . . Our society is no longer characterized by a 'horizontal' class division, but rather by a 'vertical' stratification. . . . Deprived of these associations which are adapted to their immediate interests, the workers are automatically atomized vis-à-vis the regime. They are in any case no longer a 'class for itself,' and not at all so in a political sense" (pp. 183–84, 190). In *The Intellectuals on the Road to Class Power*, György Konrad and Iván Szelényi, although far from denying the existence of a working class, regard class consciousness as unattainable without the aid of intellectuals: "Not only do they [intellectuals] refuse to foster the culture of other classes; their monopoly is even stricter than that, for they appropriate and absorb the culture of other classes and strata or, failing that, disparage them. In this way they prevent the working class (for example) from becoming conscious of its own identity in its present structural position" (p. 249). However, in his most recent book, *Socialist Entrepreneurs* (Madison: University of Wisconsin Press, 1988), Szelényi introduces what he calls a "praxis centered" notion of class in which class struggle refers to the ubiquitous everyday struggle for survival. Intellectuals are no longer central to the development of class struggle, but this new concept of class is too general to be of any analytical use.

21. Ironically, in July 1980 a joke actually circulated in Warsaw: "Those who do not strike do not eat meat." (Daniel Singer, *The Road to Gdansk* [New York: Monthly Review Press, 1982], p. 212.) At this point the regime was handing out wage increases to all who struck, fueling the militancy of the workers.

22. The perspective of oppositional intellectuals was more supportive of Solidarity. See Miklós Haraszti, "Hungarian Perspectives," *Telos* 47 (Spring 1981): 142–52.

23. The average number of man-hours worked per ton of finished steel in Hungary has remained relatively constant at about 25, compared with 8.6 in the United States (1978). The 1978 figures for other countries are as follows: Japan, 9.8; West Germany, 11.8; United Kingdom, 23.2; France, 14.2. See *Technology and Steel Industry Competitiveness* (Washington, D.C.: U.S. Department of Commerce, Office of Technology Assessment, 1980), p. 138. Since then figures have fallen even further so that in the United Kingdom the figure is 7.1 in 1984–85. See *Report and Accounts 1984–85* (London: British Steel Corporation, 1985), p. 6. One should note that labor costs per ton look very different since the hourly compensation of an American steelworker is thirty to forty times that of a Hungarian steelworker at official exchange rates.

24. In the fall of 1986 the last Martins were closed down and all the pig iron from the blast furnaces was directed to the Combined Steel Works. This led to more heats being produced per shift; we were averaging between nine and twelve in the summer of 1987. In 1988 the closure of one of the three blast furnaces, the shortage of iron ore and scrap, and the falling demand for steel led to a decline in the number of heats per shift.

25. In 1987, under pressure to reduce hard currency expenditures (the bricks came from Austria), a few experiments were made to try to extend the life of the lining. By following what is standard practice in other plants, that is, by adding magnesium oxide to the fluxing agents, it was possible to protect the wall. The number of heats per lining rose from six or seven hundred to twelve or thirteen hundred.

26. Paul Rabinow, *Reflections on Fieldwork in Morocco* (Berkeley: University of California Press, 1977), p. 6.

27. I didn't realize that I was following in the footsteps of the steelworkers of Huta Warszawa, who defied martial law by painting the red star above their gate black (Ash, *The Polish Revolution*, p. 304).

28. The situation has changed quite dramatically since 1985. When I first worked at the Lenin Steel Works, Hungary was still being touted as the economic miracle of Eastern Europe. Now its economic situation is viewed more as a disaster, saddled as it is with an international debt that is said to be over fifteen billion dollars. In 1988 the dramatic turnover of personnel in the Central Committee and Politburo, the replacement of Kádár by Grósz as first party secretary, and *perestroika* in the Soviet Union have launched a new phase of economic reform in Hungary which further elevates market forces within the state sector. So there are now plans to drastically cut down production at Ózd and consolidate it with the Lenin Steel Works. At the time of writing (1988), the most widely rumored plan would cost six thousand workers their jobs at Ózd, with little hope of gaining new employment there or elsewhere. In the words of an official from the Hungarian Chamber of Commerce, this would create unprecedented social tensions.

29. I am here borrowing from János Kornai, *The Economics of Shortage*. Kornai argues against equilibrium theory, in which supply balances demand. Instead he distinguishes hierarchical economies in which demand exceeds supply and market economies where supply exceeds demand. In the former, what he calls the shortage economy, enterprises do not confront stringent or "hard" budget constraints but "soft" budget constraints. The state adopts a paternalistic policy toward enterprises, protecting them against bankruptcy. On the other hand, in the surplus or market economies, enterprises face hard budget constraints and their survival depends on their profitability, defined by prices.

30. Mine is not a conventional understanding of the effects of ritual. In the Durkheimian tradition, rituals are viewed as building solidarity, inculcating the norms of society. See, for example, Victor Turner, *The Ritual Process: Structure and Anti-Structure* (London: Routledge and Kegan Paul, 1969). More recently, following Foucault, anthropologists have focused on ritual as the exercise of power. From this viewpoint E. M. Simmonds-Duke undertakes a fascinating analysis of the Rumanian bicentennial celebrations of a peasant uprising in Transylvania. The bicentennial becomes the occasion for a public debate, ostensibly about the uprising itself but more profoundly a struggle over competing definitions of national identity and socialism. As in the painting of socialism, the elaborate festivities were orchestrated by local officials for their own instru-

mental interests, and not imposed from above. But in Simmonds-Duke's account the regime elicits willing and enthusiastic participation at all levels of society. This makes the public ceremony more effective as a display of power in a weak state. By embodying a hierarchy of levels of participation in the debates, the ritual inculcates the experience of subordination. In Foucault's analysis, however, as in painting socialism, such ritual affirmation could and actually did become the occasion for collective resistance to the sovereign's power. This suggests that the ideological effects of ritual depend on the contexts in which they are enacted. While people may consent to the monopoly of intellectuals and party ideologues over pronouncements on the interpretation of history, the inspection of the steelworks by the prime minister only elicited dissent. In Hungary's more open and permissive political atmosphere, such public rituals excite greater resistance than in a country where repression is both more intensive and more extensive. The manifest message of the ritual itself might also be important. This was, after all, a nationalist celebration of a local hero rather than a proclamation of the virtues of socialism. See E. M. Simmonds-Duke, "Was the Peasant Uprising a Revolution? The Meanings of a Struggle over the Past," *East European Politics and Societies* 1 (1987): 187–224.

31. See the fascinating work of David Stark on these VGMKs. He sees them as the counterpart to internal labor markets in the capitalist firm, as forms of market adaptation to the exigencies of state socialist production. See Stark, "Rethinking Internal Labor Markets," and Stark, "Coexisting Organizational Forms in Hungary's Emerging Mixed Economy," in *Remaking the Economic Institutions of Socialism*, ed. Victor Nee and David Stark (Stanford: Stanford University Press, 1989), pp. 137–68.

32. This was in 1986. In 1987 he was promoted to operator, but early in 1988 he left with his wife for East Germany to seek work there. Notwithstanding the relatively high pay he received, he couldn't find any reasonable accommodation in Miskolc and didn't think he had much future in the steel mill.

33. One is reminded of Václav Havel's wonderful essay "The Power of the Powerless," wherein he asks why a greengrocer would place in his shop window the slogan "Workers of the World Unite!" See Václav Havel et al., *The Power of the Powerless* (London: Hutchinson, 1985), pp. 23–96. He describes the greengrocer's act as a token of subordination, a lie in which each has to participate, but in participating makes it possible for the lie to go on. Everyone is simultaneously victim and supporter of the system. As an expression of ideology within a system of power, the ritual allows individuals a minimal dignity. Ideology becomes the dictatorship of the ritual. The world of appearances tries to pass for reality, but in the process disengages itself from reality. This very imposition of ideology establishes the ground for an alternative; the lie produces the truth: "Living the truth is thus woven directly into the texture of living a lie. It is the repressed alternative, the authentic aim to which living a lie is an inauthentic response. Only against this background does living a lie make any sense: it exists *because* of that background" (p. 41). Havel's "truth" is an intellectual's. It is revealed in the dissident's refusal to accept the tissue of lies, in upholding

the law and cracking its facade, and in the second culture. The life aims of workers, on the other hand, tend toward an alternative vision of truth, equality, self-organization, and liberation from work.

34. After the strikes of 1976 the Polish government sought to elicit loyalty to itself and condemnation of strikers and their supporters by organizing mass rallies. These public rituals effectively consolidated the negative class consciousness of workers, laying the foundation for the positive class consciousness that developed during 1980 and 1981. See Bakuniak and Nowak, "The Creation of a Collective Identity in a Social Movement," p. 410.

35. In the United States there is also the juxtaposition of what Brian Powers calls "rituals" and "routines." In his analysis of a working-class high school he shows how students cling to the ideology of success, celebrated in such rituals as the graduation ceremony, while knowing that their chances of upward mobility are bleak. He shows how, even after they leave, they continue to cling to the possibility of making it, even as they fail. I am reminded of Czeslaw Milosz' account (see n. 36 below) of how Polish intellectuals after World War II were prepared to embrace the "Soviet" road to socialism, to participate in the painting of socialism even as they recognized its denial in reality. Thus, it is significant that the early opposition movements, led by intellectuals, always sought to work through the party. It was only in 1968 with the repression of students and intellectuals in Poland and the invasion of Czechoslovakia that many intellectuals finally lost faith in the revisionist route. Workers, on the other hand, with very different class experiences from the very beginning of state socialism, must have always found it much more difficult to bridge the chasm between what is and what was supposed to be, between their ideological status as "ruling class" and their real status as "subordinate class." For them the painting of socialism is a much more profound lie than is the ideology of success for working-class kids in the United States. See Brian Powers, "Second Class Finish: The Effects of Rituals and Routines in a Working Class High School" (Ph.D. diss., University of California, Berkeley, 1987).

36. Czeslaw Milosz, *The Captive Mind* (Harmondsworth, England: Penguin Books, 1985), pp. 79–82.

37. Milosz claims that the experiences of intellectuals can be generalized to the entire population: "Since the fate of millions is often most apparent in those who by profession note changes in themselves and in others, i.e. writers, a few portraits of typical Eastern European writers may serve as concrete examples of what is happening within the Imperium" (*The Captive Mind*, p. 82). Similarly, Kenneth Jowitt's analysis of adaptive responses generated by and subversive of Soviet regimes does not distinguish between classes. He stresses the development of instrumental, calculative, and often dissimulative approaches to the official sphere of life, undermining the values of equality, democracy, methodical economic action based on scientific planning, etc. It is clear that such individualistic responses are by no means universal, and the responses of intellectuals can be very different from those of workers. See Kenneth Jowitt, "An Organizational Approach to the Study of Political Culture in Marxist-Leninist

Systems," and "Soviet Neotraditionalism: The Political Corruption of a Leninist Regime."

38. Again in 1988, union and management agreed to introduce an automatic checkoff system whereby union dues were deducted directly from a person's pay. So now the union is even less responsive to the rank and file, since shop stewards no longer have to cajole and persuade their members to make their monthly contribution. This dovetails well with the renewed offensive against labor.

39. A more detailed analysis of these tensions can be found in chapter 4.

40. I don't want to suggest that management was unconcerned about accidents. Quite the contrary. A fatal accident was a major blemish on a manager's record and could eat away his bonus, a major part of his income. But given the pressure workers are under and the conditions of work, accidents are inevitable.

41. Gyuri would never again have anything to do with the official union. He would spearhead the drive to establish workers' councils in the Combined Steel Works.

42. Management's attitude is captured by a slogan plastered on the wall in the plant superintendent's office: "At work—dictatorship; in public life—democracy."

43. In 1988 Karcsi was finding it much more difficult to make a lot of money. Buying damaged piglets and raising them was no longer so remunerative. Feed had become more expensive, and there was more competition as more and more people entered all lines of business. And then on top of that he would now have to pay taxes on any profits he made. In 1988 he again went on his three-yearly trip to Western Europe. He brought back with him today's status symbol, a videocassette player. Since, after customs duties, the price difference between goods bought abroad and those bought at home is much less than it was even three years ago, there is not much profit to be gained from reselling articles purchased in Germany. Competition has created a new class of entrepreneurs who increasingly dominate the private sector, while workers find it more and more difficult to make money on the side. As Iván Szelényi has argued for the case of housing, opening up the market initially operates to the advantage of workers, countering the inequalities of administrative allocation, but subsequently the distributional inequalities of state and market tend to reinforce each another. See Iván Szelényi, *Urban Social Inequalities under State Socialism* (Oxford: Oxford University Press, 1985).

44. Some might argue that the rituals of the Japanese factory constitute a painting of capitalism. This would excite an imminent critique of Japanese capitalism for not being sufficiently capitalist. It would counteract any tendencies, always weak in capitalism, for the lived experience of work to generate an interest in socialism.

45. I have borrowed this formulation from Martha Lampland, "Working through History: Ideologies of Work and Agricultural Production in a Hungarian Village, 1918–1983" (Ph.D. diss., University of Chicago, 1987), chapter 3.

46. Here I have been very influenced by the work of Paul Johnston. See his "Politics of Public Work" (Ph.D. diss., University of California, Berkeley, 1988).

47. See Burawoy, "Should We Give Up on Socialism? Reflections on Bowles and Gintis' *Democracy and Capitalism*," *Socialist Review* 89:1 (1989): 59–76. For Sam Bowles and Herb Gintis's reply, see "Democratic Demands and Radical Rights," *Socialist Review* 89:4 (1989): 57–72.

48. That jokes are such a pervasive form of communication is itself testimony to the gulf between appearances and reality. Jokes are the most effective way of capturing the double existence of workers: the opposition between ideological and real experiences. In capitalism, ideology is more diffuse and enjoined to reality more smoothly, so jokes are not so central to the discourse of daily life. See, for example, the preponderance of jokes about socialism in Steven Lukes and Itzhak Galnoor, *No Laughing Matter* (London: Routledge and Kegan Paul, 1985).

Chapter Six: The Radiant Future

1. I say *mankind* advisedly, since much of the anticommunist agitation has gone along with an equally vehement endorsement of the patriarchal family.

2. It has become a cliché to criticize Lenin for his neglect of individual rights. One of his earliest and most eloquent critics was Rosa Luxemburg, who argued that there can be no radical democracy without the protection of bourgeois rights. See Rosa Luxemburg, "The Russian Revolution" (1918), in *Rosa Luxemburg Speaks*, ed. Alice Waters (New York: Pathfinder, 1970). For more contemporary criticisms, see A. J. Polan, *Lenin and the End of Politics* (Berkeley: University of California Press, 1984), and Steven Lukes, *Marxism and Morality* (Oxford: Oxford University Press, 1985).

3. For an excellent description and analysis of the miners' strikes in the Ukraine, see Theodore Friedgut and Lewis Siegelbaum, "Perestroika from Below: The Soviet Miners' Strike and Its Aftermath," *New Left Review* 181 (May–June 1990): 5–32.

4. See László Bruszt, "1989: The Negotiated Revolution in Hungary," *Social Research* 57 (1990): 365–87. Ellen Comisso argues that the difference between Poland's and Hungary's negotiated transitions lay in the presence of Solidarity—an established alternative to the Communist party which was absent in Hungary. "It is this that perhaps explains why the PUWP [Polish United Workers' Party] stood firm for so long in the face of mass opposition while the Hungarian party, confronted with the demands of a few thousand intellectuals, conceded virtually everything" (Comisso, "Crisis in Socialism or Crisis of Socialism," *World Politics* 42 [1990]: 570).

5. Many writers believe that the socialist economy is inherently unreformable. János Kornai, for example, argues that the root of the problem lies in soft budget constraints, and that any attempt to harden them without changing ownership relations is doomed to failure. See Kornai, *The Economics of Short-*

age, and "The Hungarian Reform Process: Visions, Hopes, and Reality," *Journal of Economic Literature* 24 (1986): 1687–1737. Ellen Comisso argues similarly that the obstacles to the economic reform of state socialism lie not in politics but in the economy itself, which generates allocational inefficiencies, cannot create an effective capital market, suffers from principal-agent problems in the relationship of the state to enterprise managers, and fails to effectively increase productivity. See Comisso, "Market Failures and Market Socialism: Economic Problems of the Transition," *Eastern European Politics and Societies* 2 (1988): 433–65. This may be true, but all economic systems—capitalism just as much as state socialism—suffer from distinctive irrationalities. Commentators on state socialism have always preferred to emphasize the irrationality of socialism, as though the alternative was a rational capitalism. Adam Przeworski ("Can We Feed the World? The Irrationality of Capitalism and the Infeasibility of Socialism," *Politics and Society* 19:1 [1991]: 1–38) recognizes the fallacy of such arguments and instead contrasts the irrationality of capitalism with the infeasibility of socialism. But if we are talking about blueprints, then capitalism is no more feasible than socialism, and if we are talking about models, socialism is no less irrational than capitalism. Either we develop serious parallel models which highlight the irrationalities of each, or we dispense with such static models and build dynamic models of state socialism. Some of the most interesting work in this area is being done by Péter Galasi and Gábor Kertesi. They show that bribery is inherent in a shortage economy and results in declining quality of goods and services for nonbribers. Once bribery begins, it is, therefore, in the interests of everyone to bribe, but only up to a limiting point, namely, when nonbribers no longer receive a minimal level of quality. At this point there is no advantage to bribing and one might say (although they don't) that the system is on the verge of collapse. Galasi and Kertesi apply their models with some success to health services and housing construction. See "Corruption and Ownership: A Study in Property Rights Theory" and "Side Payment and Selective Advantages in an Economy Dominated by the State" (manuscripts, Department of Labor Economics, Karl Marx University, Budapest, 1990).

6. See Rupp, *Entrepreneurs in Red*; Nigel Swain, *Collective Farms Which Work?* (Cambridge: Cambridge University Press, 1985); and Széleányi, *Socialist Entrepreneurs*.

7. See David Stark, "Rethinking Internal Labor Markets," and László Neumann, "A VGMK és az intézményes érdekegyeztetés [The VGMK and the Institutional Coordination of Interests]," *Közgazdasági Szemle* 10 (1987): 1217–228.

8. There were over forty parties competing in the elections. In the end, only six received seats in parliament: the Democratic Forum with 25 percent of the vote and 165 seats; the Free Democrats with 21 percent of the vote but only 92 seats; the Independent Smallholders with 12 percent of the vote and 43 seats; the Socialists (reform communists) with 11 percent of the vote and 33 seats; the Young Democrats (allies of SZDSZ) with 9 percent of the vote and 21 seats; and the Christian Democrats with 7 percent of the vote and 21 seats. Once parlia-

ment opened, the parties organized themselves into two major coalitions, one around the governing party (MDF) and the other around the opposition party (SZDSZ). Within the two major parties there are, of course, different tendencies. Within the SZDSZ, for example, there is an important social democratic wing.

9. This was, of course, not the only issue that divided the two parties. The SZDSZ accused the MDF of endangering relations with neighboring countries by their nationalist fervor, while the MDF accused the SZDSZ of bolshevism in the way they wanted to impose their vision of the capitalist future on Hungary. In this accusation the MDF was also referring to the communist past of some of the leading members of the SZDSZ.

10. One analysis of voting based on opinion polls taken after the elections argues that the high rates of nonvoting (35 percent in the first round and 55 percent in the second round) were in part the result of working-class abstention, which in turn pointed to the absence of a viable social democratic platform. See Tamás Kolosi, Iván Szelényi, Szonja Szelényi, and Bruce Western, "The Making of Political Fields in the Post-Communist Transition: Dynamics of Class and Party in Hungarian Politics, 1989-1990" (paper presented at the annual meeting of the American Sociological Association, Washington, D.C., 1990).

11. The official exchange rate rose from about forty-five forints to the dollar in 1988 to sixty forints to the dollar in 1990.

12. A new law came into effect in 1990 which slightly changed the composition of the enterprise council. Originally, 50 percent of its members were elected by employees and 50 percent were appointed by the general director, who was not a voting member. Now 50 percent plus one of its members are to be elected while the majority of the remaining slots are automatically filled by top managers, leaving only a minority appointed by the general director. In the elections of 1990 an unexpectedly low number (about 15 percent) of enterprise directors lost their jobs. Since certain ownership rights are still invested in the enterprise council, many have been arguing for "renationalization," bringing state enterprises under stronger central control so as to coordinate privatization. Others see the enterprise council as a temporary management body which will cease to exist as soon as privatization has occurred. See Vedat Milor, "Hungary: The Political Economy of Ownership Reform" (manuscript, World Bank, 1990); and *Hungary Today* 2:9 (September 1990): 2-3.

13. Ellen Comisso has argued that one of the most important obstacles to the transition to capitalism is the legacy of communal ownership in which individuals and groups had the right to freely use property as they wished. In this system of property rights, might determined right, and the party state through its monopoly of coercion was able to dictate the appropriate use of property. The collapse of the party state and the installation of democracy does not itself hand over property rights to actors with purely economic responsibilities, which is the basis of capitalism. Indeed, without a transition to private property, Comisso argues, many of the pathologies of the old regime are exacerbated under the new regime. See Ellen Comisso, "Property Rights, Liberalism, and

the Transition from 'Actually Existing' Socialism," *East European Politics and Societies* (forthcoming).

14. Originally the SPA was to have an executive director and a board of eleven directors. Six of these would be elected by parliament and five nominated by the following interest groups—employers' associations, trade unions, environmental protection agencies, social security agencies, and state holding companies. This was changed by the new government so that the eleven members are made up of seven government officials, three selected by the opposition parties, and one independent. The board is now less representative of different interests in society. More important, even though the board meets once every two weeks, the transactions it is supposed to examine are so full of technical details that most of the power resides with the staff of the SPA, and particularly its director. In September 1990, the transformation law was further altered to give even more control to the SPA. Originally, the shares owned by the state in enterprises undergoing privatization were nonvoting shares. These have been changed to voting shares, giving the SPA much greater power over the transformation process. Second, the SPA decides autonomously whether to accept or reject a transformation plan submitted by the enterprise council. If it rejects the plan then it tenders offers from other bidders for the privatization of the company. In its attempt to reduce the power of enterprise managers, the state has strengthened its hold over the transformation of the economy.

15. See, for example, Erzsébert Szalai, "Systemic or Elitist Change" (manuscript, Budapest, 1990).

16. Ellen Comisso, "Workers' Councils and Labor Unions: Some Objective Trade-Offs," *Politics and Society* 10 (1981): 251-79.

17. Originally, there were three national organizations: one which traced itself back to the 1956 workers' councils, another which was linked to the political grouping known as the "Left Alternative," and a third linked to the MDF. At the end of 1990 only the last two continued to exist.

18. The locus classicus of this literature is Guillermo O'Donnell and Philippe C. Schmitter, *Transitions from Authoritarian Rule: Tentative Conclusions about Uncertain Democracies* (Baltimore: Johns Hopkins University Press, 1986).

19. See Adam Przeworski, "Some Problems in the Study of the Transition to Democracy," in *Transitions from Authoritarian Rule: Comparative Perspectives*, vol. 3, ed. Guillermo O'Donnell, Philippe Schmitter, and Laurence Whitehead (Baltimore: Johns Hopkins University Press, 1986), and "The Games of Transition" (manuscript, University of Chicago, 1990).

20. For studies of such collapse which stress the failure of dominant classes to constitute a hegemonic bloc with a hegemonic project, see David Abraham, *The Collapse of the Weimar* (Princeton: Princeton University Press, 1981), and Kathleen Schwartzman, *The Social Origins of Democratic Collapse* (Lawrence: University of Kansas Press, 1989).

21. See Alejandro Foxley, "After Authoritarianism: Political Alternatives," in *Development Democracy and the Art of Trespassing*, ed. Alejandro Foxley, Mi-

chael McPherson, and Guillermo O'Donnell (Notre Dame, Ind.: Notre Dame University Press, 1986), pp. 191–216.

22. See Szelényi, *Socialist Entrepreneurs*.

23. János Kornai, *The Road to the Free Economy: Shifting from a Socialist System, the Example of Hungary* (New York: W. W. Norton, 1990).

24. David Stark, "Privatization in Hungary: From Plan to Market or from Plan to Clan?" *East European Politics and Societies* 4 (1990): 351–392.

25. There are, of course, all sorts of problems with employee ownership, if only because of the irrationality of the capitalist order in which it operates. Pointing to its specific inefficiencies does not by itself detract from its value, since all solutions have their inefficiencies. Too often the argument against employee ownership is based on an illusory model of capitalism that exists nowhere but in the head of an economist. For a discussion of the various alternative strategies of transition, including employee ownership, see Stark, "Privatization in Hungary," and Milor, "Hungary: The Political Economy of Ownership Reform." For a detailed proposal for implementing an employee stock ownership plan for Hungary, see János Lukács, "Employee Stock Ownership Programme: Basic Principles of the Concept of Regulation" (manuscript, Rész-Vétel, November 1990).

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