

ported my work, magically producing a stream of fourfold tables that he hoped would give analytical precision to my inchoate ideas.

A number of institutes and foundations supported our research. My own research was supported by a grant from the National Science Foundation (1984–87), by the Hungarian Academy of Sciences, and by several institutes at Berkeley—the Institute of Industrial Relations, the Institute of International Studies, and the Institute for Slavic and East European Studies. Lukács's research was supported by the Institute of Economic Planning, Budapest, the Hungarian Academy of Sciences, the American Council of Learned Societies, and the International Research and Exchanges Board (IREX), which twice brought him to the United States, once for six weeks and once for a year. For the periods he spent in the United States he was hosted by the Institute of Industrial Relations at Berkeley.

My closest friend and conspirator, Carol Hatch, tragically died in June 1989. Throughout my fieldwork she sustained me with letters, rich in gossip, news, photographs, advice, humor, interrogation, and analysis. From the time I set foot in the Berkeley department, she was my most relentless critic and dogged supporter. Life is much the hollower without her.

Michael Burawoy

## 1 A Sociological Diary

"Where the Avenue of Marxism-Leninism meets Cosmonaut Square, a great permanent slogan was erected: LONG LIVE COMMUNISM—THE RADIANT FUTURE OF ALL MANKIND!" The fate of this slogan is the subject of *The Radiant Future*, a novel written by Soviet dissident Alexander Zinoviev.<sup>1</sup> Erected with great pomp and ceremony to celebrate the triumphs of communism, the sign soon becomes the meeting place of the rejects of Soviet society—drunks, drug addicts, youth gangs, and homosexuals. An embarrassment to the future it portrays, the slogan is fenced off so that its desecration now takes place in secret. Its titanium letters are filched by apparatchiks for their villas, while pigeons decorate what remains with their droppings. The slogan is reconstructed with the same triumphal, hollow speeches extolling the virtues of the radiant future.

The fate of the slogan symbolizes not only the fate of Soviet society but also the career of the narrator, head of the Department of Theoretical Problems in the Methodology of Scientific Communism. *The Radiant Future* portrays his daily life as a saga of instrumentalized relations, petty careerism, betrayal of lovers, denunciation of friends, jealousy of colleagues, exploitation of subordinates, corruption of

power brokers, worthless academic writing, prostitution of ability, and ruthless pursuit of ambition. Obsessing about his prospects for becoming a corresponding member of the academy, our narrator denounces the writings of his close friend and colleague, Anton, to the police. But Anton's ideas take their revenge as our head-of-department is persuaded that the negative features of communism derive from its purported positive features. Anton becomes his alter ego, struggling for freedom inside him. He is plagued by self-doubt and his bosses lose confidence in his judgment. Just as the slogan celebrating the Radiant Future is desecrated, so our narrator's reputation is steadily besmirched, until finally he is beaten out of the academy by his hated rival from the party school.

According to Zinoviev it is not the discrepancy between ideology and reality but the ideals themselves and the attempt to realize them that lead to the degradation of social, economic, and political life. For our head-of-department, his family, his friends, and his colleagues, Marxism is not an irrelevant covering of society but the very stuff of life. Ideology has a reality of its own which imposes itself on people in the form of congresses, meetings, plans, obligations, overfulfillments, conquests of new fields, new departures, demonstrations, decorations, applause, folk-dances, farewell ceremonies, arrival ceremonies, and so on. Life under communism is the daily living-out of Marxism as ideology.

Zinoviev writes only about intellectuals. But how do workers experience communism—this radiant future of all humanity? How do they experience the great slogans erected in their name? We know much more about the reaction of intellectuals to what we shall call state socialism than we do about the reaction of workers. Intellectuals usually speak for themselves, if not always about themselves, and they are very removed from the working class. For all the repression, they are still in a position to make themselves heard more effectively than workers. In a "worker's state" workers don't speak, they are spoken for—by journalists, poets, academics, politicians, bureaucrats; by apologists for state socialism as well as by its dissidents. Each embraces the interests of workers as their own, as that is the reigning discourse, while workers themselves are without an independent public voice. Workers give expression to their interests through their deeds: in hidden day-to-day skirmishes and in occasional revolts which are as unexpected as they are threatening to the ruling ideology. To penetrate the refractory and highly politicized debate and to hear workers themselves it is necessary, therefore, to partake directly in their lives.

I had originally intended to go to Poland in 1982. Martial law put an end to that possibility, but it was with Solidarity in mind that I began

my research in Hungary. The Polish workers' movement was after all the first workers' revolution in history. It was both nationwide and led by workers who presented their interests as the interests of all. Yet it was not without its paradoxes. It took place in a socialist society, or at least a society that proclaimed itself socialist, rather than an advanced capitalist society. Its rhetoric was anti-Marxist, anti-Soviet, and sometimes even antisocialist, even if its project was socialist. That is, as a workers' movement it sought to regain control over society. Was this somehow a freak episode, a cultural plot? Or did it say something about state socialism on the one hand and advanced capitalism on the other? And, if so, why did Solidarity take place in Poland rather than Hungary? Turning history back to 1956, who would have guessed that Poland rather than Hungary would have spawned a workers' revolution some two and a half decades later?

If the decade began with Solidarity, it ended with the equally unexpected collapse of state socialism in Eastern Europe. The year 1990 saw communism swept away in the ballot box. Solidarity turned from a workers' movement into a workers' government, proclaiming its devotion to capitalism. So we can now ask: What was this "radiant past" that had seemed so indomitable during the previous four decades? How could it be swept away so easily? In particular, how was it that the same workers who sought to transform state socialism into some form of democratic socialism in 1980 voted so resoundingly to destroy all traces of socialism in 1990? What has happened in the last decade?

Our research is bound between these two puzzles. It began by asking, Why Solidarity in the East rather than the West, and in Poland rather than Hungary? and ends by asking why the transition to capitalism has so far met with so little resistance. We ask why Solidarity's project of turning state socialism toward democratic socialism was replaced ten years later by the project of turning state socialism into capitalism, and we address the difficulties facing this new project.

Our case studies of work organization and working-class consciousness took place in real historical time—the decade leading up to world historical transformations. With the exception of the first and the last, which are original to this book, the essays were originally published between 1985 and 1989. We have decided to keep them intact in order to reflect the changes in the Hungarian political and economic scene as well as the evolution of our own thinking. Each chapter absorbs the truth of previous ones and at the same time marks out new terrain. To have rewritten the essays in accordance with our thoughts at an arbitrary point in time would have given finality to a process without final-

ity. History would have quickly overtaken any such freezing of the past, particularly if undertaken from within the quicksand of contemporary political and economic transitions.

The purpose of this introduction, therefore, is to present both the logic and the social processes behind our successive studies. It is only appropriate that the authors of a book devoted to production and its producers should also examine their own work process. As so often happens in fieldwork, the genealogy of research—entry, normalization, and exit—reveals as much about the society as the research itself. Resistance to novel and potentially threatening research, such as that we undertook, exposes deeply held values and interests of the actors—both the ties that bind and the conflicts that divide.

### Theoretical Prolegomenon

This book is in part a sequel to *Manufacturing Consent*, which defended two theses about the consolidation of advanced capitalism.<sup>2</sup> First, the character of the capitalist enterprise itself created a distinctive class consciousness, irrespective of the consciousness carried in from outside. It was not simply that individuals are not centers of consciousness and only respond to the logic of their immediate situations. Rather, it was a historically specific argument that enterprises of advanced capitalism had established their own institutions—the internal state, the internal labor market, and the constitution of work as a game—which sealed workers off from their lives outside work. Family and community compelled workers to deposit their labor at the factory gates, but from there management took over.

The second thesis concerned the logic of the workplace, how it turned that potential for work into real work. Contrary to the Marxist orthodoxy that the interests of workers and capitalists are irrevocably opposed, I argued that not just commodities and social relations but also consent were manufactured at the point of production. There was no need to turn to the realm of the superstructures to explain the quiescence, the compliance of workers—it was organized there in the workplace by the political regime that regulated it. This hegemonic regime of advanced capitalism had three defining attributes. The application of force took place only under certain specified conditions and was itself the object of consent. The interests of workers and capital were concretely coordinated through a common material interest in the expansion of profit. Workers were constituted as individuals—industrial citizens with rights and obligations.

Theories of the political, ideological, and legal institutions would have to be significantly refashioned if the workplace has its own political apparatuses which perform the crucial function of organizing consent to and legitimacy of capitalism. But how true is this? Of course, critics could point to conflict between labor and capital, but this hardly challenged the thesis of consent. The two are far from being mutually exclusive: Consent presupposes conflict. It is the product of conflict. What seemed more tendentious was my claim that the organization of consent was a function of capitalism rather than industrialism per se. I argued that capitalist regimes of production were engendered by the problem of securing surplus that was simultaneously obscured. This could not be effectively evaluated by comparisons within or between capitalist societies but only by comparison with noncapitalist societies. Specifically, I expected state socialist societies, characterized by different mechanisms of surplus extraction, to generate regimes of production very different from the hegemonic ones of capitalism and with correspondingly different effects on the consciousness of workers.

It was a stroke of good fortune when in 1974 I landed a job in the same South Chicago machine shop that Donald Roy had studied thirty years before. The change over the postwar period had laid the basis for the argument about the rise of hegemonic regimes. I now had a second stroke of good fortune when I came across Miklós Haraszti's wonderful ethnography of a Hungarian machine shop, *A Worker in a Worker's State*.<sup>3</sup> Once more the technology, the organization of work, and the piece-rate system were broadly the same at Allied and at Red Star Tractor Factory. What was clearly different was the tempo of our work. Although originally puzzled by the intensity of my fellow operators at Allied, I now found Haraszti's account simply beyond belief. He had to gyrate between two milling machines which operated simultaneously. There was no guaranteed wage as there was at Allied and so he couldn't relax when the rates were impossible to make. Quite the contrary, he had to work all the harder. Instead of Allied's wage security and job insecurity, he confronted job security and wage insecurity. The despotism of the piece-rate system was buttressed by the arbitrary rule of the almighty foreman. Party and trade union were in no sense defenders of worker interests but instruments of managerial domination. How different from the relative autonomy of the hegemonic regime, which guaranteed the space for engineering consent.

My book *The Politics of Production* was largely devoted to distinguishing this "bureaucratic despotic" regime from other varieties of despotism: market despotism, found in nineteenth-century textile in-

dustries of Britain, the United States, and Russia; colonial despotism, and the "hegemonic despotism" which emerges under advanced capitalism in the era of global competition.<sup>4</sup> How generalizable were the case studies upon which my typologies rested? In particular, was it reasonable to characterize Haraszti's depiction of Red Star as typical of state socialism? Certainly, his experiences seemed to belie conventional wisdom that workers had won one right under state socialism—the right not to work hard. Other accounts of life on the shop floor in Hungary pointed to a more complex picture. The work of Héthy and Makó underscored the considerable countervailing power of core workers. Inspired by their work, a number of labor economists and industrial sociologists undertook case studies to describe the balkanization of internal labor markets, with some claiming that management depended on the self-organization of core workers.<sup>5</sup>

If Haraszti's experience was not typical of the contemporary Hungarian worker's, what did it signify? First, as an intellectual he was shunned by his fellow workers, leading to a portrait of atomized workers battling alone with their machines. Second, as an inexperienced newcomer he was in a peripheral position and was given the most difficult jobs. He couldn't be expected to make the rates. Third, and most significant, Red Star was a test case for the New Economic Mechanism of 1968. As such it was under a stringent budgetary constraint, leading to tight piece rates and regular "norm revisions." Who he was, where he was in the production process, and the relationship of the enterprise to the state were the hidden sources of his portrait of bureaucratic despotism.<sup>6</sup> These conclusions were reinforced by our research in Hungarian factories.

### Discovering the Impossible?

I met Lukács in 1982 on my first trip to Hungary. Already then we found a common interest in case studies of the socialist enterprise. I was sufficiently encouraged that some research was indeed possible that I returned to Budapest in June of 1983 for six months to learn Hungarian. I also wanted to find some work. Knowing how politically sensitive were questions about the working class, I thought it would be impossible to get an industrial job. So I looked for one in agriculture. With the help of friends and acquaintances I managed to find unpaid jobs in a champagne factory of a state farm for two months and in a textile factory of a collective farm for another month. But having never worked in either industry, I found it difficult to determine what was distinctive

about these places. In December 1983 Lukács managed to organize a week-long visit to a division of one of Hungary's major heavy-vehicle enterprises. A few months earlier, I had thought even such an expedition unthinkable for a Westerner.

Just walking through the plant made it obvious that it was much more efficiently run than Allied, the South Chicago plant where I had worked. We had stumbled on the impossible—an efficient socialist enterprise! During that week we managed to talk to all sorts of managers and to take workers off the line and interrogate them. We turned our attention to the details of the piece-rate system, whose operation seemed similar to Red Star's. But it was much too short a time to examine carefully the differences between Red Star and Bánki on the one side and Allied and Bánki on the other.

It was then that we proposed to the director that we return the next summer to conduct an intensive case study. He was not opposed to the idea, but would leave it to us to figure out a way of getting me permission to work there! It was the organizational genius of Lukács that made it possible. Already, in arranging our single week's visit, Lukács had faced bureaucratic resistance from the headquarters of Bánki's parent enterprise. The general director insisted we clear the visit with the local branch of the Ministry of Interior—the ministry concerned with internal security. But how to approach such an august body? Time and again the key which unlocked bureaucratic doors was a relative of Lukács's—R—who worked in the Central Committee. In this first case he had referred Lukács to someone in the Ministry of Interior in Budapest—M—who then requested the county authorities to allow me to enter the factory for a week.

Now Lukács had to figure out a way of getting me a work permit. He again got in touch with his contact in the Ministry of Interior, who said he would look into it. At their next meeting, M did not explicitly oppose the granting of a work permit but asked why they should do a favor for someone who hobnobs with dissidents. They knew that I had been to an open party attended by members of the opposition. They were naturally suspicious of my strange intentions to work in a factory. In questioning Lukács about our research he made it amply clear that the Ministry of Interior already knew a great deal about me. If M was to do Lukács a favor, then he wanted us to know that there were risks in it for both himself and for Lukács. Even though he could be accused of co-operating with the hated Ministry of Interior, with unknown effects on his own career, Lukács nevertheless decided to persuade M to organize the work permit.

This was not the end of the story. Having cleared the Ministry of Interior made it possible to send a formal request from the director of the Institute of Sociology (Hungarian Academy of Sciences) to the general director of Bánki's parent company. The general director replied that according to his discussions with the head of the Cultural and Scientific Department in the Central Committee of the party, our research was *nem aktuális*, which meant that it didn't exist. This was an effective way of blocking our request without saying no. He was opposed to the research but didn't risk an open denial for fear that the request came from someone who possessed considerable political influence and was prepared to exercise it. What to do? The general director refused to see Lukács, and so once more he reluctantly turned to his relative in the Central Committee. R obligingly talked to the head of the Cultural and Scientific Department, who then called the general director to say she had no objections to the research. He in turn left a message for Lukács, saying that we could now go ahead, but he never wrote this down or withdrew his original letter. To the end he was covering himself against any eventuality. Finally, Lukács asked R to notify the party headquarters at the county level and had no difficulty getting their OK. That was how I got my first real job in a socialist factory.

While I slaved away on my radial drill, Lukács visited the plant regularly, talking to managers on the shop floor and above. My experiences there are described in chapter 2. They point to a very different atmosphere than the one described by Haraszti. Although I was an intellectual, as far as my fellow workers were concerned I was first and foremost an American and the object of great curiosity. I was quickly absorbed into the social groups of the workplace. I was struck by the autonomy of shop-floor organization. The rates were manageable—if not for me, then certainly for most operators. The foreman was a benign figure rather than a despot. The structures of work organization, of payment system, of internal labor market, and of trade union and party had the potentiality but not the reality of bureaucratic despotism. The point was, of course, Bánki was not under the enormous fiscal pressure that Red Star was experiencing in 1971 and therefore did not experience those crippling norm revisions that Haraszti wrote about.

I was, however, more struck by the comparison with Allied than with Red Star. They were strictly comparable in the sense that they were of similar size, were similarly situated as a supplier to other divisions within a single enterprise, and produced a similar product with similar technology, work organization, and payment system. At the same time they seemed to belie the stereotypes of capitalist and state socialist

firms. Thus, at Bánki operators worked harder and there was less restriction of output (either quota restriction or goldbricking), not only because there was no minimum wage but also because the norms were better adjusted to the jobs. At Allied, mountains of scrap used to accumulate on the shop floor, while scrap was hard to find at Bánki. There were none of the half-finished products waiting for parts that used to line the aisles at Allied. There were far fewer shortages of materials and parts and fewer urgent "hot jobs" than at Allied. Auxiliary workers such as truck drivers, inspectors, setup men, and crib attendants were not in scarce supply as they were at Allied, where they held up work and generated disruptive lateral conflicts. Although bureaucracy was supposed to characterize state socialism, shop-floor life at Allied was much more bound by rules than at Bánki—rules which protected workers against managerial arbitrariness, but also arbitrary managerial rules that were used to strangle spontaneous initiatives.

What were we to make of this? Here was a capitalist plant that conformed to the socialist stereotype of inefficiency, wastage, and bureaucratic red tape, and a socialist plant that conformed to the capitalist stereotype of efficiency, abstemiousness, and worker initiative. We certainly didn't believe that this was generalizable across economies or that technical efficiency at the level of shop-floor organization implied anything about global efficiency at the level of the economy. Moreover, we were working with a static conception of efficiency. A dynamic view would have to incorporate relative propensity to innovate rather than simply adapt to the economic environment—something which, supposedly, state socialist enterprises have great difficulty accomplishing.

These caveats aside, our case studies nevertheless did pose the question of the conditions under which a state socialist plant might be as efficient as a capitalist enterprise, and equally the conditions under which a capitalist plant might be as inefficient as a state socialist plant. The answer we arrived at, described here in chapter 3, was to draw an analogy between the capitalist corporation and a socialist economy. Both are based primarily on the hierarchical organization of economic units. Allied was a division of the multinational corporation Allis-Chalmers, just as Bánki was part of the Hungarian economy. Allis-Chalmers plans just like the Hungarian state. The divisions of Allis-Chalmers compete for resources from its central executive committee, just as Hungarian enterprises compete for resources from the state. Both centers act in a paternalistic manner toward their divisions, protecting them against bankruptcy, giving rise in both cases to soft budget constraints. Although both operate in an external world market which ultimately

becomes crucial, nevertheless it is heavily mediated by hierarchical organization, whether of the corporation or the national economy. Consequently the division of the large corporation has the same urge to expand as the socialist enterprise without being subject to hard budget constraints. We should not be surprised to find the division of a capitalist corporation conforming to the stereotype of a socialist enterprise, even exhibiting the same shortages, wastage, and inefficiencies.

We are, of course, not suggesting that this is the norm, but rather that it is possible for capitalist firms, particularly when embedded in a large corporation, to both survive and be inefficient. Some corporations prove to be much better at planning and compelling efficient organization of their divisions than others. If we can explain why Allied as part of a multinational corporation might conform to the stereotypes of a socialist plant, how are we to explain the capitalist character of Bánki? Here we have to be much more tentative. There were nevertheless certain features that were distinctive. Bánki had a stable and guaranteed market. It had only a limited number of product types, and of these, half were built according to a license from a West German firm. There was little pressure for innovation. Its standardized production process was easier to insulate from the pressures of a shortage economy.

Although we did not appreciate it at the time, the implications of these conclusions suggested drastic rethinking about the nature of state socialism and capitalism. In effect we argued that property relations mattered less than organizational attributes for the microefficiency of the firm. Whether an enterprise was state owned or privately owned was not as important as the combination of organization forms—hierarchies and markets. At this point the distinction between capitalism and state socialism began to blur. But it did seem that Bánki's relative autonomy within the larger enterprise and its insulation from direct state intervention were necessary if not sufficient conditions for its effective performance. Such an argument was consistent with Chandler's claims about successful corporate transitions to the multidivisional form, as well as with explanations for the relative success of the East German economic reforms, which relied on enterprise associations insulating enterprises from direct state intervention.<sup>7</sup> So for our next study we turned to an enterprise that was not so protected from state intervention.

### Bungled Entry

When I went north to my various workplaces I often passed through Miskolc—the capital of Hungary's industrial heartland. It is strung out

along the bottom of a valley at one end of which are the great Lenin Steel Works (LKM) and its sister factory, the Diósgyőr Machine Works. From the hills I had seen the steelworks sprawling over its vast area with its complex of railroad tracks, the familiar tangle of defunct chimneys that had been its Siemen's-Martin furnaces, the covered buildings that were its rolling mills, its blast furances, and its glowing dump of molten slag. I often wondered what it must be like to work down there in the heart of socialist industry. What had happened to those steelworkers—once glamorized as the proletarian heroes of socialism?

Surely I was the only person to dream about working in the Lenin Steel Works. Not entirely aware of all the difficulties Lukács had had with the Ministry of Interior in getting me the first job, I blithely asked him if there was any way he could arrange it. He once more approached M to see if he could obtain another work permit for me. M agreed and informed the county-level offices of the Ministry of Interior as well as its man within the Lenin Steel Works. At the same time the relative in the Central Committee informed the city and county organizations of the party. At this point Lukács was getting uncomfortable about what they might ask of him in return for all these favors. When asked why he was doing all this, his relative replied, "Who knows what favor you will be able to do for me one day." This was the primitive gift exchange which bound the party apparatus together in a maze of reciprocal ties.

I arrived in January 1985 to discover that my request was being held up within the LKM. Fearing that the project would fall through, I contacted an acquaintance who was the director of research in the National Planning Office. He made an appointment for me with the deputy to the general director of LKM, since the general director was away. I went to Miskolc to explain my mission to the deputy, who accepted my unusual request with equanimity since it had support from high up in the government. He assumed that I would want to work in the new Combined Steel Works, which, he boasted, could produce any type of quality steel. Its state-of-the-art technology from West Germany, Japan, and Sweden had been the only major investment in the last decade. He took me down to the personnel manager to prepare the paperwork for my employment. I was shown round the Combined Steel Works and told to report for work on Monday.

With great excitement I returned to Budapest. This was too good to be true. Sure enough, a few days later the general director—just returned from West Germany—rang up the head of the Institute of Sociology demanding to know who was this Burawoy, what was his research, how would LKM benefit from it, had the Ministry of Industry given

permission, and was the Institute prepared to take responsibility for me and pay for a personal supervisor who would look after me while I worked? At the Institute, the director and his deputy were quite unprepared to answer these questions. In my impatience I had tried to circumvent official channels, with catastrophic results. Only Lukács, who had been away, could charm the project back into existence by pursuing the official channel he had already established through M. But first, the Institute director had his own position to protect and demanded that Lukács respond to each of the six demands of the general director.

At heart the issue was a simple one—who was going to take responsibility for me? The general director had told the Institute director that someone from outside LKM had just been killed on his premises—what would happen if I had a fatal accident? He could imagine the headlines: “American professor killed while working in the Lenin Steel Works.” He was not unrealistic. During the three years I worked at the converter one worker was burned alive by molten slag and another had his leg chopped in two. The director was covering himself by insisting that the Academy of Sciences or the Ministry of Industry assume responsibility for me. Like the general director at Bánki’s headquarters, he was saying no without saying no, but he did it in a different way. Recently transferred from being secretary of the Miskolc Party Committee, he did not have influence at the national level. He didn’t have access to the Central Committee and instead confronted the Institute himself in this very crude manner.

There is a comparative lesson to be learned here. In a market economy, where failure of an organization leads to its demise, mistakes generate their own costs, whereas in a hierarchical economy, individuals, not organizations, are at risk. The distribution of responsibility becomes a terrain of struggle. Rather than trying to save their enterprises, bosses try to save their skins. To gain entry into a capitalist enterprise I would have to demonstrate that my research would produce profit for the company, whereas here I had to demonstrate that it wouldn’t rebound against the general director. As ever, entry, particularly when it is resisted and even bungled, reveals much about underlying social forces—even if these become understandable only later in the research process.

### Men of Steel

In February I finally took up a job as a furnaceman at LKM’s basic oxygen converter. It was to be the first of three stints—six months in

1985, two months in 1986, and three months in 1987. Although I’d never worked in a steel mill, I soon preferred it to the machine shop. Instead of struggling alone with a machine, recklessly pursuing norms, I worked with other furnacemen. Together we tended the converter, taking samples and temperatures, tossing carbon bags into the molten steel, shoveling alloys in barrows or slag into dumpers, signaling to crane drivers to deliver this or remove that. Much of the time we were simply waiting for the cycle to complete itself or a new one to begin. We’d then be in our little eating room. On night shift we sometimes cooked our famous steelworkers’ soup. There I learned about the life of the steelworker.

It was not always easy to persuade management and workers that I was for real—an American professor wanting to enter the mill as a furnaceman and be treated like any other furnaceman. Right at the beginning, management worried that I wasn’t going to get paid enough so, unbeknownst to myself, they started me on a basic wage that was higher than most of my coworkers’. I was pretty annoyed and so were my mates when we discovered this. Management justified it on the grounds that I would not be working on shifts, and therefore I should be compensated for not receiving the shift differential!

Management’s insistence that I remain on morning shift was another way of making me exceptional. It meant that I joined whatever brigade was working mornings that day. Some teams included me in their activities, while others would have nothing to do with me. From the point of view of my own sanity as well as of my research this was very unsatisfactory. It took some considerable pestering to persuade management to let me join one particular group—the October Revolution Brigade—and rotate shifts with them. Either management wanted to keep me in their gaze, which is most easily done on morning shift, or they simply didn’t believe I’d be able to cope with the four-shift system. Indeed, no one gets used to the shift system—three morning shifts and one day off, then three night shifts and one day off, then three afternoon shifts and one day off. The rotation continues like clockwork. It pays no attention to the normal world around, to weekends, to holidays, to the demands of a decent family life. However, as far as I was concerned, rotating with the same brigade had the advantage of sure companionship in the mill. Membership in the October Revolution Brigade became the basis of immersion in communities both inside and outside the factory. But it was exhausting—physically and emotionally. The more involved I became, the more field notes there were to write each day, and the less time I had in which to do it.



I had deliberately picked the October Revolution Brigade not only because its members had welcomed me into their midst but also because they were a particularly interesting bunch. Each time I returned to LKM I made sure I worked in the same brigade. Its leader was Gyuri, a chief steward in the union, who had won many enterprise and government medals for his services and had been on union delegations to Scandinavia, the Soviet Union, and Czechoslovakia. I caused him considerable grief when I insisted that, as a matter of principle, I enroll in the union. Surely, if the slogan "workers of the world unite" has any meaning I should be allowed to join the union. He approached the secretary of the union on my behalf, but that came to nothing. Then the personnel manager called me in. He wanted to know if my request was genuine and what nationality I was. Relieved to hear I was British, he said that the union's relations with the British steelworkers were much better than with the American union, and so perhaps it would be possible. Finally I did receive my little blue book with its infamous quote from Lenin about trade unions as unconditional collaborators with the workers' state and as the great educators of the working class. Every month when I turned in my dues (1 percent of my income) my mates chastised Gyuri for cheating me. I would never receive any of the benefits, they said, because I wouldn't be working there long enough. I knew that, of course. They viewed the union solely from the standpoint of the material benefits it provided. Nor was this surprising, since the union never seemed to defend workers' interests against management.

Gyuri had been in the mill since he was nineteen, and in 1985, at forty-four, he already looked forward to retirement in eleven years' time. I sometimes accompanied him home to his village—an hour away—to admire his garden full of fruit trees and his very profitable nutria. He was the only commuter. The rest of the brigade lived in Miskolc—the lucky ones like Józsi, Laci, and Karcsi in two-room or even two-and-a-half-room apartments. Csaba, recently divorced, lived with his parents in a tiny house on the outskirts, while Pista, a Gypsy, had given up a council flat to live in his own community not far from the mill. In those first six months I spent a lot of time with Józsi—an autodidact who had been a joiner and then decided to pursue his studies again. But he never finished and so took up a job in the steel mill. I sometimes went with him to visit his father, who had been a big shot in the rolling mills. Now retired, he tended his garden in the hills surrounding Miskolc. He had won prizes for his wine. There wasn't much Józsi couldn't do, but he never stuck with whatever it was for long. Divorced and frustrated, he was a heavy drinker, and now with heavy

bags under his eyes he looked like E.T. So that's what we called him. I'd sometimes follow him after shift past the great statue of Lenin, pointing us in the direction of the "Garden in the Shadows"—the local beer garden. We always joked how tired Lenin must be, always standing there on his pedestal. Then, one night before the elections in 1990, he was quietly taken away, punished for misguiding generations of steelworkers. Still, even without his directions, steelworkers found their way to the Garden in the Shadows.

When I returned the next year (1986), E.T. and Pista had left and I spent more time with Karcsi and his family. They took me to the village where he grew up and where his parents still lived in a large house. His father had been a manager in APISZ—a commercial distribution agency. Without his help Karcsi would never have been able to buy his two-and-a-half-room apartment or own a Trabant car. Cars and fishing were his two obsessions. He was young, bright, and agile, and by the end of my third stint had been promoted to steel maker. His wife hated his rotating shifts since they wrecked any family life and often left her alone at night with her young daughter. He was always thinking of alternative jobs, but none promised security or paid as well as a steel maker's.

How my fellow workers regarded me—an outsider—was as revealing as the answers they gave to any questions. Although my lack of skill and knowledge was a liability, nevertheless I had the advantage of being a curiosity in the mill. Unlike Haraszti, who was so obviously a Budapest intellectual, I was regarded first and foremost as an American. I was eternally plied with questions about how I or an average steelworker lived in the United States, how much we earned, where we lived, what we possessed, how much things cost. But in time my presence, my funny Hungarian, my eating habits became normalized through a series of jokes that cemented my membership in the brigade. Sometimes my mates called me "Jackson," as in Michael Jackson. But usually they called me Misi, the "kefir furnaceman," because I would consume carton after carton of diluted yogurt. I simply couldn't face, and my stomach couldn't digest, those rancid lumps of pork fat that everyone else carved up for breakfast, dinner, or lunch. They would look on in amusement as I lapped up my "cat food." No wonder I was so weak, they would say. I'd never be more than a 50 percent furnaceman if I didn't eat proper food.

Even my ineptitude bound me to the brigade. There was the memorable but at the time humiliating occasion when I failed to send the sample off to the laboratory. Béla the steel maker was waiting and wait-



ing for the results, storming up and down the podium. He rang up the laboratory and discovered it hadn't arrived and so he ran out to the chute to find it still there. He was livid, flung his hard hat to the ground, and swore in paragraphs until he was blue in the face. Everyone knew who was responsible, but they defended me to the end, saying the air pressure in the chute had been weak. To help me overcome my shame they'd joke and laugh about it, and even to this day they imitate Béla hurling his hat to the ground.

At the end of my first stint I surreptitiously took some photographs on night shift of my colleagues at work. Then Gyuri grabbed the camera in front of the converter and handed me the long and heavy spoon for taking the steel sample—a task requiring skill and strength that was beyond me. I thrust the ladle into the sea of bubbling steel and then drew it out. But I didn't have on the right gloves and very quickly my right hand glowed and swelled with burns—a sure sign of a novice. They still laugh about the time I had my photo taken. These and other symbolic events marked my absorption into the group. I became their kefir furnaceman and they for their part protected me from dangers—human and physical. At the end of each of my stints we had a collective drinking party and I would write in their Brigade Diary—an amusing legacy of the past—what a dedicated group they were, how the bosses exploited them, and how they deserved extra bonuses.

When I worked in the champagne and textile factories and at Bánki I lived with families. Perhaps that was the most effective way to survive in the beginning. But it was also embarrassing to live in a room of my own while everyone else shared theirs. With the exception of pensioners and the three years maternity leave, all women work, so my presence created even more toil for an already overworked wife and mother. It was futile to struggle against the very strict gendering of roles in the home. Therefore, in Miskolc, I was determined to find an apartment of my own. Thus, in 1985 and 1986 I lived in a tiny “all comfort” one-room apartment with its own bathroom and kitchen. It was my “King Mátyás” castle. It had been the flat of an old woman who before dying had handed it on to her granddaughter—a young divorcee with a child of three. She needed my rent more desperately than space and so continued to live with her parents in their relatively commodious two-room apartment. My castle was a real luxury compared to the single room I was to rent during my third stint, in 1987. Then I lived in the huge proletarian housing estate known as the Avas. Almost a city unto itself, it is a maze of identical twelve-story concrete apartment blocks housing some eighty thousand people.

I might have escaped complicity in the family division of labor, but my participation at work and in the community continued to be structured by gendered relations. My fieldwork was founded on male camaraderie at work and on women's toil at home, which released my mates from the burdens of housework. However much I might try to transcend it, my view of the community was structured by my gendered participation.

There is an obvious methodological lesson here. All data, whether collected through interviews, surveys, experiments, demographic methods, or from archival sources, is limited by the context of its production. The limitations are just more obvious in the case of participant observation because it involves unmediated interaction between participant and observer. In the mill we tried to overcome this limitation by combining participant and nonparticipant observation.

### What Is Socialist about Socialist Production?

The solidarity of the October Revolution Socialist Brigade contrasted vividly with the authoritarianism of management. Scale, drama, costs, and danger were reason enough for short tempers. There could be no joking around when huge ladles of pig iron, slag, and molten steel at fifteen hundred to seventeen hundred degrees were traveling backward and forward overhead. Here there were real disasters. One day I came in to discover that one of the ladles had sprung a leak. A carpet of eighty tons of molten steel now stuck to the floor beneath the podium. We watched from the podium as acetylene torches cut it apart and the cranes tried to haul it up piece by piece. I asked the person next to me whether this had ever happened before. He nudged his mate and repeated the question to him. They both started laughing. Only someone very naive about socialism would ask such a ridiculous question. But I had already learned to be careful in making attributes to socialism—the same disasters occur in the United States and Britain. So what then is distinctive to the socialist process of production?

As I was immersed in the October Revolution Brigade, my perspective was limited to the processes around the converter, and to the perspectives of my coworkers. I had some appreciation of the interdependence of the converter and the availability of scrap and hot metal on the one side and the continuous caster and the production of ingots on the other, but even this was colored by my confinement to the converter. I certainly remained oblivious to the broader constraints posed by units

outside the Combined Steel Works—the rolling mill and the blast furnace and the even wider constraints within which they operated.

Had it not been for Lukács's roving observations and interviews, these wider forces impinging on the converter would have remained a mystery. As before he accompanied managers on their daily tasks and thereby began to appreciate the real problems they faced rather than listening to vague generalities made in their offices. By spending time in the rolling mills and the blast furnaces as well as in other parts of the Combined Steel Works he began to understand the troubles they posed for the operation of the converter. His nonparticipant observation was guided by my participant observation, by the questions and puzzles that emerged during my work in the mill. This was how we located my day-to-day experience around the converter in the broader technological, economic, and political contexts of its determination. Only through such collaboration between participant and nonparticipant observation was it possible to study what was socialist about steel production at LKM.

As before, our analysis leaned heavily on Kornai's path-breaking work on the shortage economy. Producing quality steel is difficult at the best of times, but in the context of a shortage economy, where technology and raw materials are unreliable, scarce, or even absent, it is often a hit-and-miss affair. No wonder the Japanese were quite mystified when they came to inspect their computer system. They are accustomed to being constrained from the side of demand, not supply. Their just-in-time systems are all about the most precise calibration of inputs. Indeed, we were told that some of the steel produced in Hungary was exported to Japan to be used as scrap to make the best steels.

So how then could steel be produced in a shortage economy? By spending time with managers, attending their meetings, listening to their gripes, and watching them hand out punishments and deal with everyday problems, Lukács was able to comprehend the distinctive interplay between informal cooperation among operators and management's dictatorial interventions. Take the case again of that much-boasted computer system, which was supposed to organize and coordinate production within the Combined Steel Works. As a guide to action the computer's instructions were gravely misleading since it worked with erroneous assumptions about the composition of inputs. So operators had to use their own judgment on the basis of emergent patterns of informal coordination. Adaptation to shortages called for autonomy on the shop floor, but the realization of such autonomy or flexible specialization threatened the functions of middle management. So manag-

ers would use the computer records against operators, accusing them of violating its instructions. Designed as an aid to operators, it became their surveillant, providing grounds for disrupting the elaborate networks of cooperation established between workplaces, for handing out arbitrary punishments, and for holding inquests into production failures. Operators had no recourse but to defend themselves against this system of bureaucratic despotism, often at the expense of effective plant production.

We wrote up this analysis presented here as chapter 4. But before we could publish it we had to seek permission from LKM management. At the time I happened to be in the middle of my third stint as a furnaceman. We gave the deputy director a draft of the article and he in turn passed it on to management at the Combined Steel Works. There the plant superintendent called a meeting, to which we were not invited, for all managers and supervisors, where portions of the paper were publicly read out. Participants told us how different managers had got up to denounce our work as an outrageous distortion based on rumors rather than facts. In blaming managers for the problems of steel production we simply did not know what we were talking about. Then the deputy director called us in to discuss the paper. He said he didn't object to the theoretical framework but to some of the facts—but it was not clear which. We had better go back and do the research again. Secretly, many would tell us that the paper was right on target but that they couldn't say so publicly. We happily talked to those managers who found it unacceptable, but we came away from those conversations only more convinced that we were correct. When they defended their actions they simply shifted the blame onto the backs of workers, or in some cases upward to top management. What was unacceptable was not what we wrote but that we dared to write it—an obvious challenge to the omniscient dictatorship of management.

Our experiences at Bánki and LKM led us to reflect once more on the pioneering work of Harry Braverman, *Labor and Monopoly Capital*—the original inspiration to the burgeoning literature on the labor process.<sup>8</sup> Braverman's argument that the tendency of the capitalist labor process was toward the separation of mental and manual labor, that is, toward the separation of conception from execution, has been subjected to intensive criticism. But from the standpoint of state socialism, his account of the trajectory of capitalist production assumes a new poignancy. Deskilling leads simultaneously to the lowering of wages and the intensification of control under capitalism because wages are determined through a labor market and the raw materials and machinery are

readily available for planned production. The socialist enterprise faces shortages of equipment and materials, so that deskilling often disrupts production by denying workers the capacity to adapt to a changing environment. Flexible specialization is a technical and economic imperative of state socialism.<sup>9</sup> There conception and execution have to be reunified at the level of the shop-floor production. In other words, we are arguing against the conventional wisdom that capitalism's entry into post-Fordism calls for flexible specialization to meet diversified and specialized markets. To the contrary, we argue that flexible specialization under capitalism is less an economic imperative and more a political stratagem to elicit consent in a period when middle management is under assault. It becomes a means of further expropriating control from the direct producer.<sup>10</sup> Naturally enough, therefore, our studies of the hidden abode of socialist production shed light on the character of capitalism.

### Class Consciousness

While the separation of conception and execution may govern capitalist *production*, it does not govern capitalist *appropriation*, which takes place according to the rules of private property. It is the owner of the means of production, not the conceiver of work organization, who appropriates. By contrast, it is under state socialism that Braverman's categories come into their own, not at the level of *production* but at the level of *appropriation*. For here it is indeed the conceivers, the planners, or, as Konrád and Szelényi call them, the teleological redistributors who appropriate surplus from the executors, the direct producers. As they argue in *The Intellectuals on the Road to Class Power*, such centralized and visible appropriation requires a legitimation based on the common interests of all.<sup>11</sup>

When the problem is to mystify the appropriation of surplus, as under capitalism, ideologies play a secondary role in reproducing society. They are diverse and not essential. However, where surplus appropriation is transparent and has therefore to be justified as being in the collective interest, then ideology comes to play a prominent role in everyday life. Thus, state socialism calls on both its dominant and its subordinate classes to proclaim the virtues of socialism—its efficiency, its justice, its equality—in ritual activities from communist shifts, production conferences, brigade competitions, and campaigns to forced marches and public speeches. Everyone is called on to “paint socialism” as the radiant future at the same time that everyone knows that the

everyday “reality” is anything but radiant. Through these rituals, ideology assumes a reality of its own which everyone is compelled to recognize—a game that everyone is compelled to play out, but which everyone sees through. The painting of socialism only impresses on people the failure of socialism to realize its promises. It engenders an imminent critique of state socialism, a negative class consciousness, dissent if you please, right at the heart of society in the process of production. In chapter 5, therefore, I juxtapose “painting socialism” to “manufacturing consent.” In state socialism it is not simply that exploitation is revealed as domination of the state, but the coincidence of the two calls for legitimating rituals which demonstrate all that socialism is not. Inevitably, state socialism sows the seeds of its own destruction—but how?

Working-class consciousness within all state socialist societies may tend toward critique, but what turns critique into mobilization? Here the relevant comparison is not between the West and the East but within the East, between Poland and other countries. Why did Poland generate a Solidarity and not Hungary? What happened since 1956 to lead Polish workers toward collective mobilization and Hungarian workers toward strategies of individual survival and mobility? First of all, the opportunities for material advancement through the second economy were available to Hungarian workers and much less so to Polish workers. While Polish workers were lining up in queues for basic consumer items, Hungarian workers were cultivating their gardens, plying their trades, and selling their wares. Basic and indeed not-so-basic consumer items were in plentiful supply, so Hungarians didn't have to spend hours in lines or in greasing contacts. Furthermore, those extra hours of work were worth the effort, since the forints earned purchased desired goods. Second, the resources for collective mobilization were available to the Polish workers but not to their Hungarian counterparts. The Roman Catholic church as a symbol of opposition to the party and the crucial role of intellectuals in fostering working-class solidarity after 1976 distinguished the Polish political scene from the Hungarian.

These at any rate were the arguments that evolved during the time I spent working at LKM between 1985 and 1987 and which were developed in the article that appears here as chapter 5. Looking back on the article demonstrates just how quickly history overtook my analysis. My attention was focused on the working class, whereas the most dramatic changes were already occurring in the party. State socialism appeared to be crumbling from above, not from below. It would be easy to attribute the collapse to changes in the Soviet Union, but that would be to take

the erroneous view that Hungary and the whole of Eastern Europe were outside the Soviet Union. The dam may have burst, but it was because the water was rising on every side. Leaders of state socialism also had to paint socialism; in fact, they were leading the show, and they saw through it as well as any. With less and less to show for it, the pretense became less and less bearable to party elites. Socialism developed a hollowness they themselves could not live with. Once it was clear that the Soviet Union would not interfere, the painting of socialism turned into the rapid dismantling of socialism. Too many attempts at bringing reality into conformity with ideology had failed, so now it was the turn of ideology to be recast. In 1989 communist ideology was replaced by anti-communism and capitalism became the radiant future of all humanity.

### Action Sociology in a Period of Transition

But we are getting ahead of our story. Lukács came to Berkeley for the academic year 1988–89 to study work organization and industrial relations in the United States. He became very interested in worker cooperatives and employee-owned companies. Our research at Bánki and other studies suggested that, given the opportunity, workers could show great initiative in making enterprises efficient. All too often, however, the situation was what we found at LKM, where workers were hamstrung by managerial despotism. Lukács had always been interested in the means to releasing the potentiality of worker participation and saw this as one way of improving the efficiency of socialist industry. Since the U.S. steel industry had become the same sort of inefficient monopoly it had become in Hungary, he became intrigued by the successful transformation of Weirton Steel Company into an employee-owned enterprise. Through an ESOP (employee stock ownership plan), Weirton had been turned from a marginal business into one of the most profitable steel companies in the United States. Lukács spent two months there, studying how it was done, and used his considerable knowledge of steel production to explore the details of its operation.

He returned to Hungary in September 1989, enthusiastic about the possibilities of employee ownership schemes. His newly acquired expertise was particularly pertinent since during his absence the Hungarian government had introduced plans for accelerated privatization of state-owned enterprises. The last socialist government was overseeing the most liberal transformation of the state-owned economy. This was the way it sought to maintain itself. It was privatization at any cost, whether this meant selling companies on the cheap to foreign enter-

prises or allowing state managers to buy up their own or other enterprises. The working class was left out in the cold. Lukács saw employee ownership as one means of including their participation in the transition.

Armed with his experience in the United States—the land of the free market—he promoted the concept of employee ownership in conferences on privatization and in lectures to government officials, chambers of commerce, and enterprises. He wrote articles on United States ESOPs in major newspapers, although their publication encountered considerable resistance. Together with a small group of lawyers and economists, concerned about the rapidity of privatization and the absence of any public participation, he formed a foundation that would provide expertise on ways of introducing employee ownership.

Lukács became the leading expert on employee ownership schemes in Hungary. In November 1989 he was appointed to a committee assigned to prepare legislation that would enable employees to buy up shares in their companies. He was one of six members of a select group of experts, the majority of whom wanted as little as possible to do with genuine employee ownership. The committee was set up as a concession to worker participation in the transformation of state enterprises, but it was intended to be no more than a gesture. The majority view was that workers should be owners only as individuals and only if they pay a proportion of their shares. They had to learn the meaning of capital investment by risking their own earnings. Lukács fought for ESOP legislation in which workers would pay for their shares not out of their earnings but out of future profits. He also promoted the idea of an employee trust or foundation as a means to facilitate employee ownership and as a potential instrument of employee representation. His opponents effectively discredited the idea of *any* collective representation or ownership by associating it with communism. For the same reasons, trade union participation was just as flatly rejected. The prevailing ideology of anticommunism pronounced all collectivities evil. After much wrangling, the final proposed legislation was ready in February, containing two alternative plans. But it was too late to submit to the outgoing government, which was then entering its last month.

However disillusioning, Lukács's participation in the advisory committee nevertheless gave him more credibility in defending employee ownership. In March and April he spent time in London and Washington, making links with organizations such as Job Ownership Limited (London) and the Center for Economic and Social Justice (Washington) who advocated employee ownership. With their help he also made con-

tact with international bodies and governments who were preparing aid packages for Hungary, to persuade them to support such schemes.

In Hungary, enterprises couldn't dismiss his ideas as idle dreams. More and more bodies approached him for advice, particularly workers' councils which had sprung up in opposition to the official trade unions. At the famous porcelain factory of Herend, a workers' council had already replaced the trade union when it called on Lukács for advice. The workers' council quickly realized the advantages of an employee buy-out, particularly when privatization seemed inevitable and foreigners were already on the doorstep. But the general director was less than enthusiastic and called in an opponent of employee ownership in order to discredit Lukács by publicly denouncing his plans as unrealistic. The battle for Herend began.

The Herend workers' council had originally sought the support of the Social Democratic Party, but it showed much less interest than the Hungarian Democratic Forum (MDF), who saw workers' councils as part of their Third Road platform. The president of the Herend workers' council stood for parliament on an MDF ticket and won. So Lukács became the economic adviser to the president of the workers' council and moved closer to the Democratic Forum government, which took office in May. As the workers' council assumed more and more power within the enterprise, it became increasingly committed to making Herend the test case for employee ownership. In June it won control of the enterprise council and deposed the general director.

I had talked with Lukács in Budapest in January (1990), and we had decided to follow up our earlier studies into the period of transition. I arrived in April and stayed until the end of June, not to work in a factory but to accompany Lukács wherever he went, studying the transition through his participation in the unfolding events. Our roles were reversed. I was now the nonparticipant observer and he the participant observer. Our research took on an entirely new complexion as Lukács became an activist and consultant. Instead of Lukács requesting facilities for research from enterprises, enterprises were now soliciting Lukács's advice on how to make their way through the maze of privatization and come out ahead at the other end. The tables were turned. We could legitimately gather all sorts of information that would otherwise be unavailable to us, but we now had to be careful how we used it.

In a period of transition, many changes occur dramatically and unexpectedly. It is no time for armchair sociology. Intense involvement is the only way to appreciate the uncertainty of the unfolding processes. Certainly Lukács's lobbying efforts with government, his consultation

with enterprises preparing privatization plans, his public lectures to conferences and chambers of commerce, and his search for resources for his foundation and for personnel to prepare new legislation represented intense involvement, but they left him no time to think about what was happening, let alone write about it. He was pushed this way and that, responding to the political pressures of the moment, not knowing what new turn of events each day would bring. There was no time or space for him to sit down and make sense of his involvement. That was my role. Through daily dialogue we interpreted his experiences in terms of our previous research and in terms of the transition taking place around us.

Lukács's lobbying on behalf of employee ownership and broader worker participation in the economy involved all levels of society, from the ministerial level down to the workshop. It revealed the increasing fragmentation and disarticulation of society, and—most specifically from the point of view of our previous research—the separation of production politics from state politics. The autonomy of the legal system and of parliamentary democracy gave at the same time greater autonomy to the politics of production. No longer an arm of the state, new apparatuses of production had to be constructed to dovetail with privatization. Enterprise councils, which had once been a tool of management, now mirrored the tensions of a new political order. In some cases they became arenas of intense struggle, where management prerogatives could be questioned. Privatization plans had to be formulated in the enterprise council, and it was from there that old directors like the ones at Herend and at Raba could be ousted. The old trade union, which justified its collusion with management on the grounds that the real line of division was between the enterprise and the state, lost its *raison d'être* as enterprises became autonomous from the state. New lines of division between workers and potential capitalists called for new forms of interest representation, such as workers' councils.

As we discovered when we returned to LKM in June, the Herend worker-council model was spreading. When I met with Gyuri in June, he immediately reminded me of my incessant joking about Hungarian trade unions. How often had I asked: What sort of union was it that could count every manager among its membership, that spent its time collecting dues, distributing places in holiday homes, and organizing family outings, that happily signed any managerial decree? He had taken my ribbing to heart. After a major conflict with management and the union (described in chapter 5), he resigned his chief stewardship and in April 1990 began to organize a workers' council in the Combined

Steel Works. This was going to be a real trade union, he told me jubilantly. It would deny membership to managers with disciplinary powers, pursue legitimate grievances of its membership, and build up a strike fund out of membership dues. But its goals were still more ambitious: to reduce inefficiency and waste by supervising managers, to champion economic justice by overseeing the distribution of bonuses, and even to reappropriate control through employee ownership. This was radical stuff, harking back to the worker councils of 1956. It was a reaction to years of trade union impotence and collusion, to bureaucratic centralism and political toadying.

The more we learned about the emerging forms of production politics, the better we understood the past. The emergence of worker councils taught us how the old order had limited the role of trade unions and how apparatuses of production had been bound to the state. We also once more discovered that property relations were not the all-important force that orthodox Marxism and liberal economics made them out to be. Privatization was one thing, reorganizing production was quite another. The real task was to create markets out of hierarchies, to break up monopolies and allow new firms to enter production, particularly industrial production. Spontaneous privatization was not the magic wand that would create a competitive capitalist economy out of the preexisting centralized system. Our study of LKM, related here in chapter 6, shows just how privatization can reproduce the worst aspects of the old order if there is no guidance from the state. Perhaps, as the Latin American experience suggests and as Karl Polanyi argued for nineteenth-century England, the creation of markets requires intensive state intervention.<sup>12</sup> For all the anticommunist ideology, for all the free marketeering, the state is destined to continue to play a crucial role in any transformation. And if that is true, then perhaps we should take the past more seriously rather than dismiss it as a nightmarish detour from capitalism to capitalism.

During the last ten years, what was to be the radiant future became the radiant past. It began in Poland with the first workers' revolution and ended with popularly elected governments rushing back to nineteenth-century capitalism. Without delivering on its promises, socialism can be painted and repainted only so many times before it becomes a hollow activity—even for the leadership that organizes and benefits from such activity. When the intellectual defenders of "communism," like Zinoviev's professor, lose any confidence in the worth of what they have done—when those who have dedicated themselves to justifying "communism" feel cheated—then the system crumbles from

within. What emerges out of the dissolution of the radiant past are equally radical visions of the future. Politically conscious sections of the working class evolve a vision of radical democracy founded on shop-floor control and employee ownership. But for now this is much weaker than the call for the restoration of nineteenth-century capitalism by the intellectuals of the new parties and the mass media. Still, the gap between intellectuals and workers continues to grow, preparing the ground for future conflicts.

Just as capitalism generates a utopian vision of socialism, so now communism generates a utopian vision of capitalism as the radiant future of all mankind. Ideologists of the East join ideologists of the West under the banner of laissez-faire capitalism. But will the real future of Eastern Europe be so radiant? Or will privatization bring the destruction of industry, the further deterioration of the environment, the invasion of foreign capital, the ruthless exploitation of people, and the intensification of inequalities? Is Hungary taking the Third Road to the Third World? In ten years' time will communism, at least its Kádárist version, indeed appear as the radiant past?