

PART ONE: IDEOLOGY VERSUS REALITY

Bánki

Introduction

Our point of departure is the model of state socialism developed by Konrád and Szelényi.¹ In their theory, state socialism is a class society. A dominant class of planners, or what they call teleological redistributors, appropriates and redistributes surplus produced by a class of direct producers. Because centralized appropriation is visible, it has to be legitimated. This brings into play the second distinctive component of state socialism, the ideology which presents central appropriation as being in the interests of all. The legitimacy of the dominant class depends on its claim to decide what those interests are and how they may best be satisfied, while consent to state socialism depends on how successful the dominant class is in realizing those common interests.

In this model, ideology and reality are each given their due and not reduced to one other. By contrast, the models of totalitarianism which have so dominated the study of the Soviet Union and its Eastern European satellites take that ideology too seriously. This comes about in two ways. Either they concentrate on the gap between the reality of actually existing socialism and its ideology, or they regard ideology as determining that reality.

Theorists of totalitarianism who have written from within state socialism have stressed the discrepancy between ideology and reality—that socialism turns out to be very different from what it promises. Instead of the dictatorship of the proletariat, state socialism proves to be a dictatorship over the proletariat; instead of a classless society, a “new class” or “nomenclatura” emerges; instead of the realization of needs, we find the dictatorship over needs. From the standpoint of production, the paradigmatic critique is Miklós Haraszti’s book, *A Worker in a Worker’s State*, which paints a picture of an atomized, oppressed, alienated, degraded working class—the very antithesis of the socialist ideal.² In refuting ruling ideology with reality, the totalitarian images present a homogenized society with no dynamics or variation. Haraszti, for example, presents himself as a typical worker in a typical factory in a typical socialist society. He makes no attempt to locate himself, his factory, or his country in any historical context. Socialism on earth is the denial of its heavenly promise. His is preeminently a work of critique, not explanation.

A similarly homogenized portrait of state socialism appears in writings which take capitalism as their point of departure. Their point of critique is not the ideology of socialism but their understanding of capitalist freedoms. They are less interested in refuting socialist ideology than in demonstrating its pervasiveness, as it imposes itself through repressive command from above, and extracts conformity from all. Reinhard Bendix’s classic portrait of managerial ideology in Eastern Europe represents this view most clearly.³ In capitalism, ideology emerges through the open articulation of interests, whereas in state socialism it is imposed through party dictatorship. In capitalism, ideology is as much a rationalization of interests as it is a guide to action, whereas in state socialism the vanguard party compels the unity of theory and practice. The party organization executes centrally defined goals by subordinating to itself all levels of society. For this the party depends upon activists in the factory, selected for loyalty and isolated through differential rewards. Because Bendix regards ideology as an instrument of an all-powerful force, an image itself driven by his understanding of capitalist ideology, he paints a picture of communist uniformity and atomization.

Andrew Walder tries to shed the overweening focus on ideology in his fascinating study of the Chinese factory.⁴ Criticizing the totalitarian images of social atomism and impersonal ties between party and activist, he stresses the particularist ties that develop around relations of material and political dependence. The enterprise’s control over the distri-

bution of scarce consumer resources gives rise to two patterns of association: first, “principled particularism,” in which party activists exchange political loyalty for preferential access to resources and careers, and second, “nonprincipled particularism,” in which workers obtain needed goods and services through bribery and the manipulation of personal ties. Walder claims that “communist” societies are all evolving toward a “new system of institutionalized clientelism; a neo-traditional pattern of authority based on citizen dependence on social institutions and their leaders.”⁵

If Walder moves beyond Bendix in capturing the social networks that govern the Chinese enterprise, his model still suffers from false generalization and homogenization. First, without gathering empirical support, he extends his model to all state socialist regimes. Second, in elucidating what is distinctive to all communist patterns of authority, he makes unexamined assumptions about the typical form of capitalist authority. In this sense he too is trapped by ideology, namely the ideology that workers in a capitalist society are not bound by relations of dependence and particularism. As we shall see, the factory regime in the United States can more closely approximate his model than the Hungarian factory regime.

Concerned to generalize across time and space, Walder fails to thematize the social, political, and economic forces which lead to the *specific* form of factory regime he observes. Like Haraszti and Bendix, he does not examine historical change of factory regime, nor thematize, let alone explain, differences either within or between state socialist societies. All these theorists concentrate on establishing the prototype factory regime of state socialism, isolated from the forces that explain its variation.

A major development in the study of state socialism comes with what David Stark and Victor Nee call “the new institutional analysis.”⁶ They argue that the old paradigms of totalitarianism (in which state socialism is convergent with fascism) and modernization theory (in which technology and modern values lead to a convergence between state socialism and capitalism) give way to the recognition of state socialism as a society with a logic of its own. Within this framework, the focus shifts from parties, ideologies, and elites to alternative institutional forms such as the second economy and to group formation in civil society. Fine-grained studies reveal a rich diversity of social relations in what was once regarded as a repressive uniformity.

In comparing such countries as Poland, China, and Hungary, the contributors to Stark and Nee’s volume show just how different these

societies are. As a reaction to the homogenizing effects of earlier frameworks in which ideology figured prominently, ideology now completely drops out of the picture. The new institutional approach leads to the study of mixed economies so that the differences between capitalism and socialism become blurred. Equally unclear in these accounts is the extent to which totalitarian and modernization theories were mistaken approaches driven by ideological concerns of cold war and détente, or alternatively, the extent to which they correctly depicted the earlier periods of state socialism. Is the new institutionalism a call for the reexamination of the early Stalinist period, or is it specifically applicable to the 1980s, when in some countries civil society and economy developed new institutions? Having opened Pandora's box of variation it is also important to close it again by developing theories that can simultaneously understand variation as well as similarity—what explains variations of state socialism but also what differentiates it from capitalism.

We are interested in pursuing this task in connection with the character of socialist production. We stress four features of state socialist regimes of production, all of which stem from the central appropriation of surplus. First, the state as both owner and organizer of production is present at the point of production in the form of a triple alliance between management, party, and trade union. From the point of view of direct producers, party and trade union are instruments of managerial domination. Second, central appropriation of surplus leads to shortages of raw materials and appropriate technology, posing distinctive problems for the organization of work and its regulation. Third, central direction of the economy requires ideological justification which becomes embodied in rituals of socialist affirmation, organized within the enterprise. At the same time, enthusiastic participation in these rituals is an expression of loyalty, required by the game of bureaucratic competition. We deal with this component in part 2 of the book. Fourth, the relationship between community and production changes with the extent of distribution of consumer goods through the market. To the extent that consumer goods are available through the market, management loses power over its work force.

We distinguish two types of factory regime under state socialism: bureaucratic despotic and bureaucratic hegemonic. All production regimes are bureaucratic in that they are extensions of the state into the sphere of production. As we will describe in chapter 6, the transition from state socialism to capitalism brings about the institutional separation of factory from the state, production politics from state politics. Under despotic regimes, management, with the aid of trade union and

party, extracts submission from workers due to their dependence on enterprise supply of goods and services. At the same time, management is dependent on the spontaneous cooperation of workers to meet the exigencies of uncertain supplies of materials and machinery. Management uses its monopoly over scarce consumer goods to reward a leading cadre of activists—such as Stakhanovites or heroes of labor—who become involved in directing production, set norms to be emulated, or surveil rank-and-file workers. This type of factory regime is the one described by Walder, but it is also the one described by Vladimir Andrie, Lewis Siegelbaum, and Donald Filtzer for the Soviet Union in the 1930s.⁷

At the other extreme is the Hungarian bureaucratic hegemonic regime we describe in chapter 2. The enterprise no longer controls the distribution of scarce goods and services, such as housing, child care, televisions, cars, food, clothing, etc. These are now available either through the market (purchasable with forints) or through distribution by the state. Management loses its capacity to extract submission through its monopoly of scarce consumer goods but does not develop a new power based on the threat of firing or laying off workers. Management has to elicit the consent of workers, through financial incentives, bonus systems and piece rates, the distribution of overtime, or participation in lucrative “economic work partnerships.” But there isn't a cadre of party activists mobilizing rank-and-file workers to participate in production campaigns, to achieve plan targets, or to scale new heights in output records.

The contrast with capitalism is instructive. There also we delineate two distinct regimes: despotic and hegemonic. As in state socialism, the transition from despotic to hegemonic regimes is propelled by the independence of workers from managerial control. However, the basis of that independence is different. Under early capitalism, workers feared losing their jobs since this would cut them off from their wages and deny them their means of existence. In that context, arbitrary firing and layoffs, therefore, constituted the basis of coercion. With the development on the one hand of trade unions and procedural guarantees against firing, and on the other hand of social insurance against loss of job (unemployment compensation, social security, etc.), employers lost some of their despotic power. They sought new techniques of eliciting cooperation through hegemonic regimes which concretely coordinated the interests of management and workers. In short, under state socialism it is *market* provision of consumer goods and services that proves the undoing of despotic regimes, whereas under capitalism it is the *state* as

organizer of welfare and regulator of industrial relations that undermines despotic regimes of production.

As in capitalism, so in state socialism, we find hegemonic and despotic regimes coexisting within the same society. In capitalist societies this is due on the one hand to the relationship of enterprises and their workers to the market and on the other hand to the uneven regulation of industrial relations by the state and unequal access to welfare. Under state socialism, by contrast, the character of the factory regime depends on an enterprise's relationship to the state and, in particular, its capacity to extract concessions on behalf of its workers, and also in part on the development of the market.⁸

However, there is no natural evolution from despotic to hegemonic regimes in state socialism. The transition in Hungary is due to historically specific factors: the collectivization of agriculture after 1956, whose success rested in part on bringing richer and more skilled peasantry into the cooperatives; the granting of greater autonomy to enterprises as well as the opening up of a legal second economy after 1968; a policy of using foreign exchange to import consumer durables that were not made in Hungary. The state's policy of making goods and services available through the marketplace or by direct application to the state meant that enterprises lost control of these scarce resources, and hence their punitive power over workers came to rest on control over pecuniary rewards. Among state socialist societies Hungary went further in this direction than any other country, with the possible exception of Yugoslavia.

Within a single regime of production, work organization may vary considerably. The nature of a shortage economy requires flexible adaptation on the shop floor. This is what we found at Bánki, as we describe in chapters 2 and 3. When such self-organization threatens management then it may be repressed, with disastrous consequences for production, as we will see in chapter 4. Equally under capitalism, expropriation of control from the shop floor may or may not be effective. Where supply uncertainties exist, due to the hierarchical character of the capitalist corporation, such rationalization is counterproductive, as we argue in chapter 3. The following two chapters, therefore, demonstrate the considerable variations that can occur within both state socialism and advanced capitalism. They demonstrate that just as capitalist production *can* be inefficient, so also state socialist production *can* be efficient. Moreover, they offer an explanation that is based less on property relations and more on the combination of hierarchies and markets.

2 Piece Rates, Hungarian Style

There are three workers: an American, a West German, and a Hungarian. The American eats five eggs and steak for breakfast and goes to work in his Buick. At work he is exploited. The West German has three eggs and ham for breakfast and goes to work in his Opel. He is also exploited at work. The Hungarian has one egg for breakfast and no meat. He goes to work on a bus but he is not exploited. At work he rules.

joke from the Hungarian shop floor

Hungary is the consumer paradise of Eastern Europe. The Hungarian economic reforms of 1968, which gave more autonomy to state enterprises and more scope for private enterprise, have been consolidated and extended. The shortages of basic consumer goods that continue to benight other socialist economies have been more or less eliminated. Queues are now (1984) a curiosity—outside pawn shops, or for Cuban bananas. Meat, fruit, vegetables, all the basic and many luxury foods are always available and in many varieties. Every third family has a car, and almost all have refrigerators. State housing is still in short supply and apartments are pitifully small, but all over the country people are