

On the other hand, where Hungarian firms are not insulated from the state by a corporate structure they are more likely to display the features we found at Allied, that is, to conform to their stereotype. Thus, in the following study of the largest Hungarian steel mill, which has no semiautonomous divisions such as Bánki, we found the distinctive problems of shortages, inefficiency, and bad planning. It would seem then that in the present phase of socialist development the chances for technically efficient firms are enhanced by an enterprise structure which contains autonomous units linked by economic ties. While the enterprise center will bargain with the state, its constituent firms are more insulated from the wider political arena. It is perhaps no coincidence that despite all the talk of decentralization, the average size of the Hungarian enterprise has continued to increase since the economic reforms of 1968. Contrary to conventional wisdom, the multidivisional corporate structure, that is, the very structure which is now facing grave difficulties in advanced capitalism, may be conducive to efficiency in state socialist countries.

At a theoretical level, these speculations suggest that the models based on shortage and overproduction economies that we developed earlier in the chapter are inadequate. Both advanced capitalist and state socialist societies display features of both types of economy, but at different levels. However, this is not another version of convergence theory, for the most important determinant of the character of a society is the outermost ring—the hierarchical relations of state to enterprise in state socialism, and the market relations among enterprises in advanced capitalism. To be sure, the market fills functional gaps in the state socialist economy and the state performs a similar plumbing role in advanced capitalism, but these interventions are supplementary. They do not alter but reflect the underlying differences between the two types of society.

PART TWO: IDEOLOGY AS REALITY

The Lenin Steel Works

Introduction

In the introduction to part 1 we argued that theories of totalitarianism took ruling ideology too seriously. Either ruling ideology determined reality, or it became the basis of a restrictive and homogenizing lens through which to interpret reality. Either Marxism-Leninism was a vehicle for extracting conformity from all layers of society, or it was a benchmark against which to contrast the actual lived reality of state socialism. In reaction to these two modes of exaggerating the importance of ideology, two correctives emerged in which ideology largely disappeared. On the one hand, convergence theory argued that technology and economic development, not ideology, were the driving force behind changes in state socialism. On the other hand, institutional life proved to be much more diverse and complex than simply the inversion of ruling ideology would suggest. In this second part we propose to restore ideology to its proper place as shaping the way people interpret and then respond to their lived experience.

We begin, as before, with the contrast between capitalism and state socialism. Unlike all other modes of production, capitalist appropriation of surplus from direct producers is invisible, so much so that

people deny that such appropriation even occurs. Because surplus labor is obscured, it does not have to be legitimated. Moreover, capitalism creates the conditions for its own reproduction—workers have to produce a surplus and capitalists have to appropriate it if they are to survive as workers and capitalists. The state must simply protect the external conditions of capitalist development—the sanctity of private property and market competition.

In the economic reproduction of capitalism, ideology is secondary, and for that reason its role is to mystify the essence of capitalism. Capitalism can exist alongside any number of ideologies. It is as comfortable with fascist, national popular, racist, or even socialist ideologies as it is with liberal individualism. Usually, as Antonio Gramsci acutely observed, the hegemonic ideology is some combination of these, with one or another prevailing. Different groups or classes draw from this constellation to defend their own interests. The ideological system is very flexible and therefore easily grafted onto diverse lived experiences. Ideology does not stand out from lived experience. Rather than comparing lived experience with reality, under capitalism we compare one ideology with another. Ideology, indeed, provides the terrain for class struggle. The power of ideology is its ubiquity. Like a panopticon, it acts behind our backs without our seeing it.

State socialism is quite different in that ideology is essential to the appropriation of surplus precisely because it is transparent and therefore has to be legitimated. State socialism is not a self-reproducing system in which economic actors are only agents of forces beyond their control, but an order which is self-consciously directed by a class. The ruling class is also the economically dominant class. There is no state that oppresses *on behalf* of a dominant class of exploiters, a state with “relative autonomy.” Here the state coincides with the dominant class which, therefore, has to establish an ideology to justify its domination and exploitation. It has to present the central appropriation and redistribution of surplus as being in the interests of all.

The central importance of ideology means that it is not just a rationalization, something taught in schools or displayed in the mass media, but has to come alive in everyday rituals which affirm socialism. Within state socialism, therefore, people live in two worlds: an ideological world and a lived world. But they are both real. What is clear is the contrast between these worlds. State socialism engenders a heightened consciousness of the discrepancy between ideology and reality, between proclamation and experience, between the affirmation of justice, de-

mocracy, and efficiency and the ubiquity of injustice, dictatorship, and inefficiency.

Rituals of affirmation are not simply imposed from above. They are also staged from below. Since goods and services are centrally redistributed, competing claims are adjudicated in terms of loyalty, itself expressed in the idiom of socialist ideals. Employees struggle to define themselves as workers and hide their petit-bourgeois background. Employees try to provide credentials that establish themselves as dedicated to socialism so that they can climb the list for housing, child care, refrigerators, or other scarce goods or services. Enterprise managers seeking scarce capital resources flaunt their commitment to plan fulfillment, to productivity campaigns, to socialist competition. The more intense the competition for resources, the more intense the affirmation of commitment to the ideals of socialism, and the more flagrant the discrepancy between ideology and reality.

Different groups react to this discrepancy in different ways. Intellectuals polarize between those attached to the ruling class, who endorse socialist ideology as expressing reality or tendencies within reality, and those in opposition, who embrace reality as the refutation of ruling ideology. The latter may claim that they are better equipped to realize socialism, or they may reject socialist ideology altogether and embrace alternative ideologies. However, what is of interest to us here is the response of workers. Chapter 5 argues that the response to ritual affirmation of socialism is not to reject socialism because it is a hopeless, corrupt endeavor, but rather to embrace the values of justice, democracy, and efficiency. They become tools of criticism. Existing socialism is rejected for failing to live up to its promises, but those promises are themselves positively evaluated. This is because socialist ideals resonate with the class experience on the shop floor, where workers organize production, do the most menial tasks, are subject to managerial abuse, and at the same time receive the least rewards. Class consciousness is endemic to socialist production even if its expression is handicapped by the dominant class's appropriation of the vocabulary of class.

The contrast with feminist consciousness is instructive. In her fascinating study of changing gender relations in Hungary, Joanna Goven argues that women also experience a wide gap between the state's ideological promise of “emancipation” and the reality of the double or triple shift, of poor pay and marginal status in wage employment.¹ Far from endorsing a feminist consciousness which would condemn state socialism for failing to deliver what it proclaims—namely, the emancipation

of women from male tutelage—women of all classes reject feminism altogether. Why? Goven argues that hostility to the state has led to the positive evaluation of the private sphere, in particular the family, as an arena of autonomy and self-determination.² But endorsing the family is simultaneously an endorsement of male domination: antipolitics leads to antifeminism. First and foremost, the enemy is the state, and men therefore become allies in carving out liberated zones, free of state intervention. By contrast, opposition to the state from workers, whether men or women, does not involve positive evaluation of the workplace or the embrace of class domination. The workplace is an extension of the state, and resistance takes the form of class confrontation. In short, whereas opposition to the state is quite compatible with *class* consciousness, it is incompatible with *feminist* consciousness because of the very different context within which opposition is forged.

In other words, in order to understand the way the discrepancy between ideology and reality affects class consciousness it is necessary to devote attention to lived experience as well as to socialist ideology. The following two chapters attempt to do precisely that. Chapter 4 describes how the shortage economy creates a specific set of shop-floor tensions in steel production, while chapter 5 elaborates the contrast between that setting and the rituals of socialist affirmation, a contrast that shapes the class consciousness of workers.

Less clear from these chapters are changes over time. In part 1 we spoke of the shift from despotic to hegemonic regimes as the result of the growing independence of the reproduction of labor power from production. The rise of a consumer market in basic goods and services has meant that enterprise management can no longer exercise the same arbitrary power over its work force. It has to appeal to market incentives rather than orchestrate mobilization campaigns such as were familiar parts of the Hungarian economic landscape in the 1950s and which were, of course, central to production politics in the USSR, particularly in the 1930s. It is a distinctive feature of the bureaucratic hegemonic regime that ideology is much more attenuated. The rituals of socialist affirmation degenerate into mere sideshows, ridiculous cabarets—the subject of jokes, an empty shell. Class consciousness becomes correspondingly weaker.

Of course, the attenuation of rituals is in part due to the new forms of control associated with the rise of hegemonic regimes. Without despotic powers, management-orchestrated socialist emulation, production conferences, productivity campaigns, and so on were largely ineffective, and the rituals of socialist affirmation were therefore bound to

be weaker in their effects. But they remained under a system of bureaucratic hegemony not so much for their effect on workers but as expressions of loyalty to the center. The livelihoods of enterprises and the careers of their managers continued to depend on their bargaining power with the center, which in turn required continual affirmation of socialist values. Painting socialism, as we call it, continues to be important in a hierarchical economy where budget constraints are soft and indicators of financial success are unreliable.

The final disintegration of the rituals of socialist affirmation comes only when the ruling class itself abandons socialism. As we suggest in chapter 6, in order to understand the demise of state socialism it is important to consider the way the ruling class itself handles the discrepancy between ideology and reality. Any ruling class has to believe in its own ideology. In the heroic days of socialism it sought to bring reality into conformity with its ideology, whether through reform or through repression. Not surprisingly, reality refused to conform to ideology—a class society cannot be forced into the mold of classlessness. The reproduction of classes turns democracy, justice, and rationality into unattainable goals. As long as the teleological redistributors are not subject to control from below through radical democracy, the rationality of planning becomes the irrationality of bargaining within the dominant class; the principle of reward according to contribution becomes the injustice of reward according to position.

In the final analysis, even the most degenerate form of Marxism—Marxism-Leninism or official Marxism—proved to be the undoing of state socialism. Reality mocked the ideology, and, more explosively, ideology continued to subvert reality. Unable to close the gap by changing reality, the ruling class decided to jettison the ideology. The initiative to throw off the chains of Marxism-Leninism came from above, not from below. *Perestroika* and *glasnost* leading to the enthusiastic endorsement of markets and private property were the creatures of reform elements within the nomenclatura. Indeed, in the Soviet Union the adoption of capitalist ideology as a program for reform was and is actively resisted from below. The campaign against cooperatives and unearned incomes is the unanticipated legacy of seventy years of painting socialism. The struggle for the future of the Soviet Union is just beginning.