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EXECUTIVE SUMMARY

The current transition underway in Eastern Europe has confounded observers, raising important questions for social scientists and policy-makers alike about how transitions occur. What precisely are the social constraints on institutional change? I am specifically interested in the role that agrarian specialists--academic specialists like economists and pragmatic specialists such as agronomists--have played in the two economic transitions in recent Hungarian history: the Stalinist transition of 1948-1956, and the move away from socialism since 1989. The assumption driving my analysis is that ideas and practices acquired in the period immediately preceding the transition would continue to hold force in the transition period, constraining in serious fashion the degree of rapid change envisioned by government agencies promoting new policies. This assumption has been borne out.

This paper addresses the first of the two transitions: the Stalinist transition from 1948 to 1956. To summarize my conclusions to date:
1) the transition to Stalinism, that is, the imposition of the so-called Soviet model, was far more gradual than has been suggested, and far less Soviet in content than has been assumed;
2) despite all its attempts to the contrary, the Party could not impose total control over the economy; indeed, many of its policies during the early 1950s were crafted in direct response to worker dissatisfaction or the difficulty of implementing regulations locally;
3) the state grew in size and reach during the 1950s, creating important divisions within the government over priorities and the distribution of goods amongst various sectors;
4) a substantial continuity existed among those engaged in the study of work in the field of agricultural economics from the 1940s to the 1950s, even though the Party tried to purge the ministries of so-called reactionary elements; a number of former manorial estate specialists continued to work in large-scale production, mostly as managers at state farms;
5) important continuities in the manner in which wages were calculated can be identified; the Party deployed techniques for calculating productivity and efficiency which had been proposed experimentally by work science specialists in the 1930s and 1940s. These observations strongly undermine the view of the Stalinist period as of one of rapid change, directed by Soviet specialists and built upon the Soviet model, which has been the dominant understanding of this period in the literature.
The current transition underway in Eastern Europe has confounded observers, raising important questions for social scientists and policy-makers alike about how transitions occur. What precisely are the social constraints on institutional change? This essay represents a portion of a larger project designed to investigate how social relations and cultural views influence the process of economic transition. How do ideas about how the world works, and should work, affect state policies and private initiatives in periods of economic transition? How do professional and personal networks play a part in structuring new institutions?

In order to investigate the social dynamics of economic transition, I have begun a study of Hungarian agriculture in periods of transition. I am specifically interested in the role that agrarian specialists--academic specialists like economists and pragmatic specialists such as agronomists--have played in the two economic transitions in recent Hungarian history: the Stalinist transition of 1948-1956, and the move away from socialism since 1989. The assumption driving my analysis is that ideas and practices acquired in the period immediately preceding the transition would continue to hold force in the transition period, constraining in serious fashion the degree of rapid change envisioned by government agencies promoting new policies. This assumption has been borne out.

I have written elsewhere about the role of former socialist managers in the process of decollectivization in Hungarian agriculture since 1991 (see "Farming in the Post-Cooperative Economy"). Here I wish to consider the complex transition between 1948 and 1956, usually referred to as the Stalinist period or "the 1950s" in the literature. To summarize my conclusions to date:
1) the transition to Stalinism, that is, the imposition of the so-called Soviet model, was far more gradual than has been suggested, and far less Soviet in content than has been assumed;
2) despite all attempts to the contrary, the Party could not impose total control over the economy; indeed, many of its policies during the early 1950s were crafted in direct response to worker dissatisfaction or the difficulty of implementing regulations locally;
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As this is a work in progress, I would emphasize that the conclusions I draw now are tentative. Yet since I have reviewed a large body of materials to date (see Appendix I) and conducted a number of interviews with relevant figures from the period (former ministerial employees, scientific researchers and university personnel), I do feel fairly confident that the comments which follow will provide a general sense of the issues I wish to consider, albeit at greater depth in later publications. I divide my comments into four categories: 1) institutional issues, 2) personnel, 3) forms of knowledge, and 4) the work unit system.

I. Institutional questions

The reigning image of the 1950s state is one of chaos and incompetence.

It is common knowledge that grave economic failures characterized the domestic period of the Stalinist exercise of power. It was an economy that was overplanned to a state of planlessness and overorganized to the point of collapse. Although natural plan indicators arranged the last producible nail and deliverable egg into its militarily rigid, plan-command system, it was, in the final analysis, disorganized, clumsily deformed, and anarchic. (Zavada, 1984:139)

The Party, it is said, subordinated all decision-making to its ideologically driven program of rapid industrialization and class warfare. Economic decisions were made for political reasons, undermining the well-known tenets of classic economic theory and capitalist practice. Markets were suppressed and private property eliminated. Since this was a battle waged by outsiders, it is said, aliens had to be brought in to do the job: workers had to be elevated to positions of authority, as were women and Roma (Gypsies), and Soviet advisors roamed the country telling people what to do.

This description comes close to the image of the 1950s in much of the literature. How has my research substantiated or challenged these views?

a) The Party was all dominant. The most frequent comment made to me by specialists of the period was that I should not bother to read anything more than the documents produced by the

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2 I use the term “Party” to stand in for the various manifestations of the Communist Party during the socialist period. The Communist Party in Hungary had several different incarnations. From 1945 to 1948, it was called the Hungarian Communist Party (Magyar Kommunista Párt or MKP). It changed its name in 1948 to the Hungarian Workers’ Party (Magyar Dolgozók Pártja or MDP). It changed its name again after the revolution in 1956 to the Hungarian Socialist Worker’s Party (Magyar Szocialista Munkáspárt, MSzMP), a name it bore until its effective dissolution in 1989.
highest level of the Party bureaucracy, since--the experts claimed--the Party decided everything. And it is certainly true that if one reads through the minutes of the Political Committee and the Secretariat, one is struck by the absolutely minor issues the Party leadership concerned itself with: e.g. hiring for university positions; who could travel abroad, even to the east, for scientific or policy meetings; policies for horse-racing; changes in the content of the new Marxism-Leninism textbook; composition of the editorial board of an economics journal; and who among the country's sports champions could represent the nation at this or that competition. But the impression one gathers that the Party leadership concerned itself with all and sundry affairs of the nation does not accurately reflect the process of decision-making. Much of the actual work done to construct policies, e.g. concerning wages, norms and cooperative regulations, was developed and modified at lower levels of the bureaucracy. It was the job of lower level personnel to write up policy statements, following the general outlines of the Party leadership, and then these statements were evaluated, criticized, or rejected by the leadership. In this sense, the bureaucracy of the Stalinist state resembles modern bureaucratic practice in many other contexts: leaders dictate policies to be drafted, and pass on their suitability once they have been written up by their subordinates. This leads to the second observation.

b) The Stalinist state was a large, and complex bureaucracy. And indeed, in the caricature of 1950s politics, we are constantly reminded of the all embracing quality of state power. There is no question but that the state grew in power and reach. György Gyarmati’s recent research has shown a growth of nearly three fold between 1945 and 1954. In a nationalized economy, the state was now responsible for making all the decisions once left to private firms. The state no longer concerned itself solely with social policy, e.g. pensions or health benefits. It now set wages, enforced production goals, and stipulated the direction of economic development. The substantial shift in state power is most obvious if one reads through ministerial documents prior to and after 1948. In the case of the Ministry of Agriculture, pre-1948 documents are largely devoted to issues of personnel, and to the various tasks associated with sustaining relationships among various local agencies concerned with county-level affairs. The post-1948 ministry is directly involved in all aspects of agricultural production and commerce: setting wages, encouraging innovations in techniques, developing crop breeds and domesticating new varieties of plants, translating foreign texts, redesigning academic institutions, and providing social benefits for the agricultural work force.

c) Another, related aspect of this observation--i.e. that the Stalinist state was a complex institution--is that much of the everyday character of work done by this state was mundane and bureaucratic, in the classic sense. In other words, this was a state caught up in enormous paperwork. Bureaucrats produced paper the way one would expect in a large, modern bureaucracy. The predominant image of the Stalinist state--in the literature and the popular imagination--was one of arbitrary and highly personalized decision-making, which was not subject to the normal constraints
of a bureaucratic apparatus. There is no question that the Party and its secret police force exercised despotic control over the country, but this does not contradict the fact that large segments of the bureaucracy were engaged in the regular, often mechanistic tasks of bureaucratic work. For those engaged in making policy and implementing it, there were clear rules to be followed (unless, of course, they were overruled by one's superior or overlooked by one's subordinates). It is important to emphasize the degree to which ministries and other political agencies attempted to conform to modern bureaucratic rules and regulations. Even if these could be contravened under various conditions and by specific individuals, one nonetheless must recognize that the Party was intent upon developing a substantial governing apparatus to carry out its policies efficiently and effectively. But because much of this work was invisible to those outside the immediate circle of bureaucratic elites, it has gone unnoticed and unremarked. It would be worthwhile to conduct further research which would submit the dynamics of bureaucratic activity in Stalinism to comparison with other states in the modern period, and so demystify the internal workings of the Stalinist state, long shrouded in mystery.

d) The Stalinist state's attempt to control all components of the economy--as a nationalized, planned economy--led to serious clashes among agencies (see Zavada's quote, above). There is no question that the Party had difficulty implementing its plans. In part these difficulties grew from poorly developed policies which met strong resistance among the industrial and agricultural workforce. Another reason for the difficulty of implementation was the constant revision of plans themselves, as Party officials scrambled to rectify problems they encountered in production. "In Hungary in 1952, the then current five-year plan was changed 472 times, and the yearly plan for 1952 113 times. In 1953 the Council of Ministers and the Planning Office changed the plan 225 times, and plans as passed to enterprises were changed 71 times" (Swain, 1992:71).

The core of the problem, however, was not economic, but political. Serious clashes arose between agencies not solely because their plans were in conflict, although this did happen. The central difficulty derived from Party's unwillingness to recognize divergent interests within its ranks, or within the broader economy. The Party's image of itself as representing the people, and the nation, left no room (at least publicly) for the adjudication of various interests. Clashes between industrial policy and agricultural policy, or between the mandates of agricultural production and of agricultural taxation, could not be acknowledged. This lead to serious problems between agencies, or
for actors on the ground charged with implementing contradictory regulations.\(^3\) Hegedüs, one time Minister of Agriculture, related to me that on more than one occasion, Rákosi orchestrated an open bargaining session between Hegedüs and Imre Nagy, one time Minister of the State Procurement Agency, in order to reconcile their divergent plan goals. Rákosi clearly enjoyed the spectacle.

A clash between agencies could result in one ministry being marked as problematic. More than once I ran across statements in Party documents suggesting that the Ministry of Agriculture was a hostile body. There are several possible explanations for this claim. The most obvious is the ideological view among many Party leaders, Gerö in particular, of agriculture as a backward sector of the economy. By extension, any attempts by the Ministry of Agriculture to interfere with industrialization, or to represent an alternative set of interests, would be seen as a hostile act, contrary to the historical destiny of an industrializing nation. Add to this the well known fact that the Ministry of Agriculture prior to 1945 had been strongly influenced by the interests of the largest landowners, who were known to be politically conservative, and the charge becomes understandable. But Gerö’s angry letter accusing Erdei of “hostility” speaks to more than just an ideological disagreement. As several of my interviewees explained, the Ministry of Agriculture was more than simply a bureaucracy devoted to fulfilling policy objectives. It also had to represent the interests of the working peasantry, which at times brought it up against the interests of the industrial lobby or even the interests of the State Procurement Agency. Thus the Ministry was branded as hostile, and treated as such. In an economy with limited resources, such a charge could have grave consequences.

e) The unwillingness or inability of the party/state to recognize divergent interests was a simple, but important consequence of Marxist-Leninist ideology. A similar sort of ideological blindness or conviction led to a strange, and essentially artificial division in the way that the state treated state farms and cooperative farms. State farm workers were considered members of the working class, whereas cooperative farm workers, since they ostensibly owned their property, were not. For this reason, the development of wages at state farms was an entirely separate enterprise than the development of a work unit system, the comparable system for distributing income at cooperative

\(^3\) People could get caught between the demands of their jobs and the expectations of other agencies with which they worked. For example, there were regular clashes between the State Procurement Agency and various food industry representatives. The State Procurement Agency was charged with expropriating foodstuffs from the village, an extremely high level of taxation in kind which was intended both to ensure a regular supply of food to the city, and to force peasants out of private production, since collective production had lower taxation rates. But the quality of products—animals, grains, etc.—submitted to the Procurement Agency was not always the best, leading employees of the food industry to reject what had been supplied as below quality. But this could be disastrous. “In every issue of the Procurement Bulletin one can read extensive correspondence or several dozen news items telling of fines, which were imposed for not fulfilling the enterprise procurement plan or for abuses. In fact, on April 23, 1950, the workers’ court condemned to death two managers of the Meat Sales Enterprise for a crime committed against public supply. They carried out the sentence that very day” (Szabó and Virágh, 1984:175).
farms. I was told on several occasions that, even though there may have been similarities in the methods deployed to determine norm levels for agricultural tasks, and even direct overlap in the agricultural tasks being evaluated between state farms and cooperative farms, there was no sharing between the two ministries assigned to see to this task. This is another example of bureaucratic overproduction, although in this case the inefficiency does not grow out of too rapid growth or poorly planned institutional divisions. It is the direct result of ideological divisions central to the way the Party treated various segments of the working population.

f) Finally, I wish to make two important caveats. The first is that we must concede the possibility that various sectors and agencies of the state worked differently. If I wish to argue, which I do, that the view of the Stalinist state has been too simple to date, then I should be cautious in extrapolating from the limited sources I have reviewed from the Party and the Ministry of Agriculture across all domains of the economy and bureaucracy. There is a strong possibility that the Party’s role may have varied substantially. A colleague assures me that cultural policy looked very different than the picture I have sketched of wage policy. From one day to the next, Party leaders drew up a plan which was implemented immediately, with no concessions or reference to practices and policies of earlier regimes. It may in fact be true that the character of Stalinist cultural policy diverges far more substantially from pre-Stalinist Hungarian cultural trends than wage policies of the pre- and post-1948 period do. This is ironic, if we assume that economic policies have long been considered the decisive difference between a Marxist-Leninist state and its capitalist counterparts. It is this assumption which I wish to question in my research. But additional studies of other sectors of the state would deepen our understanding of how the Party implemented policies in varying ways and with differential results.

The second proviso is that my focus is on the practices of state agencies and Party organs. It is not my intention to represent the impact of these policies on local communities. The experience of terror and anarchy many recall from the 1950s will not be reflected in government documents, except on the rare occasion. So the impression I have gained of a grand state machine carrying out Party policy in a regularized and mechanized fashion is only a partial view, and must be seen as such. A small piece of paper I found in the archives early on brought this home to me. A simple letter was sent to the Secret Police, requesting that materials belonging to the research institute be returned. One of the research institute's employees had been detained, and along with him, the Secret Police had confiscated four monographs describing the history of several state and cooperative farms. The research institute made no attempt to plead on behalf of the man detained. I do not know what became of him.
II. Personne

In 1945, the Ministry of Agriculture was a bastion of conservative politics. As my preliminary research shows, the Party attempted to gain control over the institution by placing prominent members from its ranks in positions of authority (e.g. Imre Nagy as minister). But by 1948, this strategy had not proven very successful. In an attempt to purge the ranks even further, the first of a series of show trials was initiated, the "AgMín" trial. There were 84 defendants, with Béla Perneczky as the first defendant.

Perneczky was the ministerial councillor in charge of the office dealing with wages and labor relations at the Ministry of Agriculture in the 1940s. He had been associated in earlier years with the conservative social policies of János Csonka, and apparently was engaged in rallying his fellow ministerial employees to a Catholic organization in 1948. He also was a member of the research institute dedicated to the scientific analysis of agricultural work (Agricultural Work Science Institute, or Mezögazdasági Munkatudományi Intézet), the group whose later influence in the Ministry I was keen to trace. His quick dismissal and imprisonment in 1948 was evidence that crucial members of this community had been expelled from the Ministry in the first year of full Party control. To date I have been denied access to the documentation surrounding the trial, and can only surmise the dimensions of the case from contemporary press accounts, which suggest a widespread conspiracy within the Ministry. It is my assumption that the trial was a means of ridding the Ministry of undesirable elements, either conservative and influential people like Perneczky or other figures considered unreliable by the Party.

This direct attack against the ranks of the Ministry did not purge the staff of all former ministerial employees or specialists trained as agrarian economists before the war, or even those associated with the Agricultural Work Science Institute. Indeed, the Ministry continued to depend upon a number of these experts who provided valuable services to the Ministry in developing wage policies, writing various ordinances, and evaluating the success of policies throughout the countryside. It was common practice to appoint a Party member, often a recent university graduate, head of the department, but to keep on specialists as the Party member's subordinates whose expertise could be used by the department. As one interviewee explained, experts who had been trained prior to 1948, and whose sympathies were not with the Communists, nonetheless were professionals, and so were committed to doing their work responsibly. And in fact, many aspects of Stalinist agricultural policy—i.e. modernizing farms by enlarging economies of scale, increasing mechanization, and improving productivity by designing wage systems to enhance their incentive structure—had been policies these agrarian economists had wanted to see implemented in private production for many years. In this respect, there were important similarities in approach between classical economics and Marxist-Leninist economics in the field of organizational studies which
allowed these specialists to continue in positions of authority without a substantial shift in their approach.

Another place where one could find strong continuities between the personnel of manorial production prior to 1945 and the Stalinist period is at state farms. These were large farms (approximately 6-10,000 acres) requiring a well-trained staff, very unlike the rudimentary cooperative farms of the 1950s which were commonly the collected properties of 10-15 families (approximately 20-150 acres). Many former stewards and other managerial personnel who had run manorial estates prior to 1945 found a position on the staff of state farms. András Hegedüs, former Minister of State Farms, recounted to me the fights he had to mount to defend his employing these people, whose reputation as ruthless exploiters of the downtrodden agricultural proletariat in the pre-war period was often warranted, but whose expertise was needed for state farms to succeed.

Clashes arose between Party officials and ministerial personnel over hiring decisions. Serious differences of opinion also developed amongst the highest ranks of the Party and ministerial elite, the convictions and personal quirks of crucial leaders being felt down through the ranks of the ministry. Even basic approaches to solving problems could breed tensions. For example, Ferenc Erdei, Minister of Agriculture, and András Hegedüs, Minister of State Farms (and for a year Minister of Agriculture while Erdei was Minister of Justice), clashed over priorities in agricultural production. Hegedüs favored macro-economic approaches to social change, whereas Erdei preferred to focus upon micro-economic questions. When the official institute delegated to study firm-level questions in agriculture was eliminated at the end of 1951, Erdei kept on a few researchers to continue this task, convinced as he was of the significance of this approach. When the climate changed, Erdei later resuscitated this institute, presumably to give Ferenc Donáth, a prominent Communist and agrarian specialist, a job when he was freed from prison in 1954, but also to promote his view of priorities within research on agricultural modernization and collectivization.

Although one often runs across the names of Soviet advisors in ministerial and Party documents, giving one the impression that they wielded some influence during this period (e.g. they regularly attended the Council meetings of the Ministry of Agriculture), this appears not to be the case. There is unanimity among all those I have interviewed—Party and non-Party agrarian economists alike—that Soviet advisors had no role in formulating policy, and in fact, were a nuisance. One Party document quotes a Soviet advisor as saying that he finds Hungarians stubborn, and unwilling to implement any suggestions he or his colleagues made. One nonetheless finds references to the "revolutionary" biology of Lysenko, and disparaging references to the bourgeois science of certain Hungarian biologists. The agricultural society was named after Michurin, and one can read extensive documentation on projects to domesticate the lemon and orange in Hungary. But these were extreme measures, and the large percentage of everyday activity at the Ministry of Agriculture and related bureaucratic agencies was not propelled or even constrained by Soviet advice.
or experience: officials were devoted to modernizing agriculture and spurring on production according to Hungarian priorities and local conditions.

How can one explain Hungarian resistance to Soviet advice? Rákosi was reputed to be Stalin's best disciple in the Eastern bloc, by many accounts overly eager to implement Soviet teachings. Today one can hear simple nationalistic explanations for Hungarian resistance: Hungarians had nothing to learn from their Soviet visitors. But such comments cannot be taken at face value. It is certainly true that the Hungarian economy was more advanced, or modernized than its Soviet counterpart. But the most obvious explanation is that Soviet agricultural conditions substantially differed from those of Hungarian agriculture. Ninety percent of Soviet agriculture was devoted to growing grains, while Hungarian agriculture was far more diversified, with garden crops, vineyards, and other industrial crops constituting a much larger percent of overall activity. So Hungarians had to develop agricultural policies which suited the character of agricultural production here at home. Soviet advisors could also recognize that Hungary was not like the Soviet Union. Another interviewee recounted that one Soviet advisor, sent to initiate cotton production in Hungary, quickly realized the foolishness of the plan. He wrote up a scheme for the Ministry, in accord with his mandate, and then spent the rest of his time in Hungary going fishing.

Furthermore, it is clear that Hungarian specialists were not impressed by the scientific or professional quality of their colleagues. As one interviewee recounted, he was frustrated by his Soviet colleague's unwillingness to answer his questions directly, always choosing to page through his Russian state farm booklet before answering any questions put to him. The Hungarian specialist, in exasperation, finally turned to his boss Hegedüs, the Minister of State Farms, and suggested that they should simply translate the book and get rid of the Soviet advisors. Out of deference to his Soviet colleagues, Hegedüs sent the specialist out of the room for his rude comment.

Another way to gauge the degree of Soviet influence, or more accurately, the extent to which Hungarians recognized the value of Soviet practice is by tracking the manner in "the Soviet model" is discussed in documents produced during this period. Subtle shifts are noticeable. Between 1949 and 1951, Party and ministry documents convey a sense of curiosity about Soviet experience. By 1951, the tone changes, with strident calls for the strict and necessary implementation of Soviet models in Hungary. This phase lasts until 1953, and by 1954, one can read materials which cautiously question the validity of Soviet practice. By early 1956 the value of Soviet examples are summarily dismissed as irrelevant for Hungarian economic conditions.

III. Knowledge

The transformation of attitudes and of knowledge was a central concern of Party officials in the 1950s. As I have written elsewhere, Marxist-Leninist theorists believed that the new socialist man's behavior would follow directly upon changes in his consciousness (1995; see especially Chapter 5 on
planning). They therefore devoted much work to altering the structure of universities and technical schools: personnel was reviewed and the curriculum closely evaluated. The goal now became to train specialists for collectivized production, introducing new topics into the curriculum, such as introductory seminars on Marxism-Leninism, and devoting extensive attention to propaganda efforts, as for example when all the staff of the university had to attend special courses in ideological training. New institutes were founded, such as the Economics Institute, specifically dedicated to Marxist-Leninist analysis. As these new institutes began their work, they found themselves bereft of teaching material, so in 1950 and 1951 many translations--particularly of Soviet works--were completed. Not only were theoretical works translated, such as the works of Lenin and other early theorists, but a number of practical booklets describing the accounting systems of Soviet collective farms, for example, or wage systems deployed in industry and agriculture across the Soviet Union. Much effort was also expended to learn about the experiences neighboring countries were having with collectivization.

But what practical effect did these writings have on the everyday practices of bureaucratic officials or practitioners in the trenches? Very little, by all accounts. One need only pay attention to when most Soviet materials such as the translations mentioned above became available (1951-1952) to realize that the bulk of policy making and institution building had long been in place by the time most Soviet handbooks became available. In such a context, then, it is no longer surprising that pre-war practices were far more influential than has been assumed to date. For example, the techniques deployed to calculate norms in agricultural production (specifically for state farm employees) were those developed by an agency which had contracted out privately to industry in 1947 for this same task (the Work Science and Rationalization Institute, or Munkatudományi és Racionalizálási Intézet). The Party expressed no qualms about using techniques for calculating wages in capitalism for the same task in socialism. So too, the most influential book on work science, frequently cited by socialist theorists and practitioners in the 1950s, was Heller’s Work Science (Munkatan) (Mark Pittaway, personal communication), this despite the fact that Heller was no longer allowed to teach at the University after 1949, ostensibly because of his pro-Western sympathies. Party officials and state bureaucrats did not have the luxury in 1949 of waiting to learn more about Soviet experience before they began writing up wage policies or the collective agreements which stipulated state farm employee benefits. Aware of the general outlines of Soviet practice, they moved ahead expeditiously. But I should mention another important point, namely that while property relations may have differed substantially between the pre- and post-1948 period, other aspects of economic practice did not. As one interviewee explained, "the closer one gets to the firm, the less classical economics and

4 Heller (whose name was later changed to Hellei) continued to work in various research agencies, and eventually worked for many years for the United Nations in Southeast Asia.
Marxist-Leninist economics differ." It was thus natural for the Party to reach for tools developed by classically trained economists to develop and modernize agricultural production in state-run enterprises.

IV. Work unit system

The core of this project is to chronicle the history of the work unit system, an elaborate form of distributing the accumulated earnings of the farm equitably amongst its members. This system differed from the way that workers at state farms were paid, a system which mirrored wage systems in industry: task wages or norms, and premiums (Pittaway, 1997). My initial hypothesis was that, contrary to received wisdom, the work unit system had not been borrowed from the Soviet Union, but developed locally by Hungarian agrarian economists. This has not been proven true, or is only true in certain respects. In brief, the general structure of the work unit system—that is, a daily norm figure and a corresponding distributive percentage—was taken from the Soviet Union, but the particular values accorded to work, and the overall distributive values which formed the body of the work unit system, diverged from the Soviet model.

The introduction of new wage systems, or forms of remuneration in Hungarian agriculture by the Stalinist state, was pursued in two separate, albeit parallel projects: the development of a set of norms to lay the foundation of an industrial wage system at state farms, and the development of the work unit system for cooperative farms. The norms developed for state farm wages were calculated in the span of several months, by the heroic efforts of norm specialists sent all over the country to time work projects and submit norm suggestions. This method was drawn directly from industry.

The work unit system appears to have been developed separately, even though the distribution of farm earnings depended upon a norm system comparable to that being used at state farms. The structure of the work unit system itself—that is, a daily average contribution, or norm, as it is later called, and the proportionate share of earnings based upon the norm, to be distributed at the end of the fiscal year—was taken from the Soviet Union. But the calculation of the value of each activity, its "normed" value, and the proportionate share of overall farm earnings were local creations. In 1949, the Party stipulated that the work unit system was to have two specific features: the norms for work would differ from those used for state farms, and the structure would parallel Soviet and Bulgarian practice, although the specific values for work were to differ. When asked, all interviewees concurred in the observation that no direct pressure was exercised by the Soviets on the Party to adopt the system. A better way to describe the process, as one interviewee explained, was to say that

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5 Cooperative farms in Hungary, and in all other Marxist-Leninist socialist states, were reputed to have been voluntary associations, in which landowners pooled their resources to farm collectively. Although some of the earliest cooperatives, especially those founded prior to 1948, could possibly be described in this fashion, all other farms were established under the strong pressure of state agencies and party organs.
the idea was "in the air." Knowing full well that the Soviets had developed a specific system for remunerating cooperative owners, Hungarians looked to Soviet practice to figure out what worked, and then proceeded to develop their own system. This explains why one can read several Party documents from 1951 in which the current work unit system came under severe criticism, not being sufficiently Soviet in form and content. Much can be learned about local character of the work unit system by looking to its intellectual precedents in the 1930s and 1940s.

In the 1930s, a number of prominent agrarian specialists began to consider the consequences of modernizing the conditions of agricultural production at manorial estates. Among other considerations, this included shifting from the practice of paying both full-time employees and summer staff (day laborers, migrant workers) in kind to introducing a monetary wage. It was hoped, as a series of articles published in the 1930s demonstrate, that this would improve the productivity of manorial agriculture, and start to bring Hungarian production into line with other, more modernized economies. Particular interest was shown in German experiments in rationalizing manorial agriculture. István Berger wrote a treatise in 1930 suggesting the implementation of a norm wage system in sugar beet production, but to all indications, it was not implemented (Berger, 1930). The explanation for this is simple. Manorial estates were strapped for cash in this period, and chose to pay their workers in produce rather than devote limited cash reserves to this purpose. Moreover, there was a lot of skepticism shown toward efforts within the scientific community to modernize production. Attempts to calculate the biological requirements of the agricultural worker by hooking him up to strange contraptions left the innovators open to ridicule, and not much more was done until after the war.

The careful calculation of labor values modeled on scientific management practices in Germany and the United States was not actively encouraged by the Ministry of Agriculture during the war. The Ministry, and its National Wage Determination Commission in each county, did endorse, however, rudimentary calculations of various agricultural tasks. In 1940 the Ministry established committees in every county to help resolve problems with wage inflation and unruly workers (a direct result of the loss of agricultural male laborers to Germany and to the army). A variety of tasks were distinguished, and the monetary value of these tasks were determined by local committees, using the market value of various agricultural products as a guide. There was fairly broad consensus on the value of work from county to county, even though individual producers may have quarrelled with the values the committees stipulated for minimum wages. Although there are similarities between these labor values and those in the work unit books of 1949, at present it is not clear what relationship they may bear to each other, beyond their intellectual or scientific pedigree.

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6 The Ministry of Agriculture did found a research institute to study the costs entailed in agricultural firms. The materials for his institute have disappeared, most probably the result of war damage.
Conclusion

My research shows that the transition to a Party dominated state and economy was far more difficult than has been assumed in the literature to date, even though the party/state regularly used force to try to achieve its ends. Despite the heavy attack the Party mounted against class enemies, unreliable elements and reactionary forces, it continued to rely upon specialists—scientists, bureaucrats, farm managers—from outside its own ranks to write policy and run firms. Techniques used to set wage levels in newly nationalized enterprises, such as state farms, were drawn from the practices of once private firms catering to capitalist clients. Even though Soviet advisors sought to provide them with the latest socialist innovations, Hungarians—Party and non-Party members alike—politely demurred, and went their own way. Most importantly, the Party met the strongest resistance among workers and peasants, who consistently criticized wage policies, enterprise management and economic practice. Faced with problems on the shop floor, the Party reformed its wage policies on several occasions during the early 1950s. Eventually the work unit system was abandoned entirely, to be replaced by more efficient systems of payment which had been developed (on the sly) by clever farm managers far from the centers of power.

APPENDIX I

List of Archival Materials Researched

The materials examined to date cover a wide range of materials, the most significant of which are documents from the Ministry of Agriculture (pre- and post-1948) and Party documents. Among the documents of the Hungarian Workers' Party (Magyar Dolgozók Pártja or MDP), I have read: the minutes of the Political Committee, minutes of the Secretariat, and selected folders of the Agricultural Department (1948-1956). For the Ministry of Agriculture (1948-1956), I have read the Secret Papers Collection (TüK), the declassified Secret Papers Collection, the minutes of the Council of the Ministry, and selected folders of the Labor Relations Department. I also read through the Department of Agrarian Politics from 1945 until 1948. I have read through the official papers of Ferenc Erdei, Minister of Agriculture from 1948-1953 and 1954-1956 and Mátýás Rákosi, first party secretary of the MDP. I have reviewed the papers of the various unions or representative bodies for agricultural workers from 1945-1956 (Ufosh, Défosh, and Médosz), and am reviewing materials at the Hungarian Academy of Sciences regarding relevant research institutes. I have collected, with the help of others, relevant papers from the Cooperative Department and the Experiment Affairs and Propaganda Department of the Ministry of Agriculture, selections from the official papers of Ernő Gerő and András Hegediš, various reports from the Central Statistical Office, and life histories of relevant figures at the 1956 Institute. I have also obtained a copy of the 1948 statute revising work unit policy in the Soviet Union, which once it has been translated, will afford me the opportunity to compare the Hungarian and Soviet systems directly.

With regard to pre-1945 materials, I am in the process of examining account books and firm plans at state-owned and private estates. I will be reading what documents remain of research activities sponsored by the Ministry of Agriculture prior to 1945, as well as the variety of materials available on the activities of the National Wage Determination Commission (1940-1948; most of these materials were destroyed in a fire in the archives in 1956). Finally, I am in the process of
compiling a history of inter-war intellectual circles engaged in research on economic modernization, social policy and agricultural sciences.

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