



# Open Research Online

---

The Open University's repository of research publications and other research outputs

## The social limits of state control: Time, the industrial wage relation and social identity in Stalinist Hungary, 1948-1953

### Journal Item

How to cite:

Pittaway, Mark (1999). The social limits of state control: Time, the industrial wage relation and social identity in Stalinist Hungary, 1948-1953. *Journal of Historical Sociology*, 12(3) pp. 271-301.

For guidance on citations see [FAQs](#).

© 1999 Blackwell Publishing Ltd

Version: Accepted Manuscript

Link(s) to article on publisher's website:

<http://dx.doi.org/doi:10.1111/1467-6443.00092>

---

Copyright and Moral Rights for the articles on this site are retained by the individual authors and/or other copyright owners. For more information on Open Research Online's data [policy](#) on reuse of materials please consult the policies page.

---

[oro.open.ac.uk](http://oro.open.ac.uk)



# **The Social Limits of State Control: Time, the Industrial Wage Relation and Social Identity in Stalinist Hungary, 1948-1953\***

**Mark Pittaway**

This version copyright © Mark Pittaway 1998

## **Introduction**

In the very early months of 1950 the management of Magyar Pamutipar, a leading Budapest textile factory, began to alter the system by which the factory maintenance staff were paid. Prior to that date they had been paid according to work targets that were established at the level of the group; thus the collective rather than the individual was measured in order to establish the basis of remuneration. The authorities were especially keen to see that the individual became the unit on which the wage was established. The rhetoric of their justification for this shift was surprisingly anti-collectivist - without individual norms, or work targets, individual contributions to the economy could not be measured. Furthermore, work discipline could not be maintained if good workers within a group were to be remunerated at the same level as the bad and the lazy <sup>1</sup>.

It has been widely assumed that Stalinism was highly collectivist both in its ideology and in its practice. It has been seen as being at an extreme of a state socialist paradigm characterised by the elimination of individual civil rights, property rights and in some variants the abolition of a distinction between public and private spheres altogether.

- - This article grew out of research for my PhD. Thesis (Mark Pittaway *Industrial Workers, Socialist Industrialisation and the State in Hungary, 1948-1958*, Department of Economic and Social History, University of Liverpool, 1998). The author would like to thank the ESRC (Economic and Social Research Council) for the funding to carry out the research on which this article is based. He would also like to thank Nigel Swain, Martha Lampland, András Tóth, Padraic Kenney, Marley Weiss and three anonymous referees for their comments.

•  
<sup>1</sup> - *Pamut Újság*, 1st January 1950





The contradiction between the apparent assumption of "individualisation" that characterised socialist wage systems and the collectivist ideology of the regime in Hungary was noticed in the later socialist period. Miklós Haraszti commented on how "in one newspaper, a Hungarian expert on "management science" claimed that payment-by-results was the ideal form of socialist wages. It was, he said, the embodiment of the principle "from each according to his capacity, to each according to his work". But in another issue of the same paper a veteran communist who now holds a high position warmly remembered a former comrade in arms who had been prominent before the war in the organisation of workers' demonstrations against the Bedeaux system - the "scientific" system of payment by results then in force" <sup>2</sup>.

A large number of sociological studies of shop floor relations have drawn attention not merely to the contradiction between the collectivism of regime ideology and the wage systems it endorsed for the late socialist period in Hungary, but also to the lack of control the state exercised over the conditions of production. According to such accounts the dynamics of shop relations during economic reform in Hungary were determined by the phenomena of shortage, informal bargaining, widespread participation in the informal economy and managerial attempts to create "hegemonic" factory regimes based on range of unofficial rules partially hidden from the eyes of the state <sup>3</sup>.

<sup>2</sup> - Miklós Haraszti *A Worker in a Worker's State*, p.21, Penguin Books, Harmondsworth, 1977

<sup>3</sup> - There is an enormous social scientific literature which describes these phenomena in the 1970s and 1980s, see Nigel Swain *Hungary: the Rise and Fall of Feasible Socialism*, Chapter 6, Verso, London and New York, 1992 for an excellent overview of the research; for a sample of the more important studies see Michael Burawoy *The Politics of Production: factory regimes under capitalism and socialism*, especially Chapter 4, Verso, London and New York, 1985; Michael Burawoy & János Lukács *The Radiant Past. Ideology and Reality in Hungary's Road to Capitalism*, University of Chicago Press, Chicago and London, 1992; Péter Galasi & György Sziráczi (eds.) *Labour Market and Second Economy in Hungary*, Campus, Frankfurt & New York, 1985; Lajos Héthy & Csaba Makó *Munkásmagtartások és gazdasági szervezet*, Akadémiai Kiadó, Budapest, 1972; Lajos Héthy &





Whilst none of this literature explicitly dealt with the situation on the shop floor during the period of Stalinist rule much of it implicitly assumed that the spread of informality on Hungarian shop floors was a product of gradual, yet progressive waves of economic reform as a highly despotic state conceded power to actors at local level. István Kemény, for example, argues that informal bargaining over norms was a creation of the climate in the factories following the 1956 Revolution. Michael Burawoy and János Lukács imply, based on their research in Hungary, that “despotic” factory regimes under state socialism are replaced by “hegemonic” ones, founded around informal bargaining and co-operation between management and workforce, when “the market provision of consumer goods and services” associated with economic reform destroys the basis on which the state is able to discipline and mobilise labour <sup>4</sup>.

In these accounts, therefore, economic reform under state socialism creates space through which workers are able to exercise considerable countervailing power on the shop floor. This assumption is maintained through an implied contrast between the reformist state of the late socialist period and the despotic state of the Stalinist years which is able to subordinate industrial workers to its political programme on the shop

Csaba Makó *Munkások, Érdekek, Érdekegyeztetés*, Gondolat, Budapest, 1978; István Kemény *Ouvriers hongrois, 1956-1985*, Éditions L'Harmattan, Paris, 1985; István Kemény *Veliük nevelkedett a gép. Magyar munkások a hetvenes évek elején*, VITA, Budapest, 1990; Ákos Róna-Tas *The Great Surprise of the Small Transformation: the Demise of Communism and the Rise of the Private Sector in Hungary*, The University of Michigan Press, Ann Arbor, 1997; David Stark "The Micropolitics of the Firm and the Macropolitics of Reform: New Forms of Workplace Bargaining in Hungarian Enterprises" in Peter Evans, Dietrich Rueschmeyer & Evelyne Huber Stephens (eds.) *States versus Markets in the World-System*, pp. 247-73, SAGE, Beverley Hills, 1985; David Stark "Rethinking Internal Labor Markets: New Insights from a Comparative Perspective", *American Sociological Review*, Vol.51, pp.492-504, 1986; David Stark "Coexisting Organizational Forms in Hungary's Emerging Mixed Economy" in Victor Nee & David Stark with Mark Selden (eds.) *Remaking the Economic Institutions of Socialism: China and Eastern Europe*, pp. 137-168, Stanford University Press, Stanford, California, 1989





floor. Such accounts seem to contradict much of the recent historical literature dealing with Stalinism in both Eastern Europe and the Soviet Union. This work has demonstrated that industrial workers were endowed with a considerable degree of countervailing power *vis-à-vis* the early socialist state. It has demonstrated in contexts that range from the Soviet Union of the 1930s, through the Poland of the late 1940s, to the East Germany of the 1950s and 1960s that labour was mobilised by the state, and that in turn workers were able to subvert state intentions and in doing so re-make the institutions of socialism at the local level <sup>5</sup>.

This article demonstrates that “hegemonic” factory regimes characterised by a high degree of co-operation between at least a core of the workforce and management dominated industry in the Stalinist years, as much as they were to characterise the conditions of production in a climate of economic reform. It shows furthermore that they emerged from economic tensions created by the Stalinist state and by worker responses towards them. An examination of how such “hegemonic” factory regimes arose suggests a major revision of the traditional image of Stalinism as collectivist.

The state attempted firstly to use systems of remuneration on the shop floor to bind

<sup>4</sup> - For this argument see Kemény *Ouvriers hongrois*, pp.15-6; for the second argument see Burawoy & Lukács *The Radiant Past*, pp.32-4

<sup>5</sup> - For the early literature dealing with the role of workers in the Soviet industrialisation drive in the 1930s see Hiroaki Kuromiya *Stalin's Industrial Revolution: Politics and Workers 1929-1932*, Cambridge University Press, Cambridge and New York, 1988; Vladimir Andrlé *Workers in Stalin's Russia: Industrialisation and Social Change in a Planned Economy*, Harvester Wheatsheaf, Hemel Hempstead, 1988; Lewis H. Siegelbaum *Stakhanovism and the Politics of Productivity in the USSR, 1935-1941*, Cambridge University Press, Cambridge and New York, 1988; the contributions in William G. Rosenberg & Lewis H. Siegelbaum (eds.) *Social Dimensions of Soviet Industrialisation*, Indiana University Press, Bloomington and Indianapolis, 1993, and Lewis H. Siegelbaum & Ronald Grigor Suny (eds.) *Making Workers Soviet: Power, Class and Identity*, Cornell University Press, Ithaca and London, 1994; for two recent excellent contributions to the literature see Stephen Kotkin *Magnetic Mountain. Stalinism as a Civilisation*, University of California Press, Berkeley, Los Angeles & London, 1995 and Kenneth M. Straus *Factory and Community in Stalin's Russia: the Making of an Industrial Working Class*, University of Pittsburgh Press, Pittsburgh, 1998. For Poland in the late 1940s see Padraic Kenney *Rebuilding Poland: Workers and Communists 1945-1950*, Cornell University Press, Ithaca and London, 1997; for East Germany see Jeffrey Kopstein *Politics of Economic Decline in East Germany, 1945-1989*, The University of North Carolina Press, Chapel Hill & London, 1997





workers to the goals of the plan. These systems of remuneration were individual rather than collective, suggesting at the heart of classical central planning lay an apparent paradox between institutional centralisation and a high degree of individualisation at the point of production <sup>6</sup>. Embodied in wage systems was a specific attempt to discipline the individual worker through using a specific “politics of time”. This aimed to force workers to use every minute of working time to produce goods as laid out in the plan, to speed up their work, improve their productivity and constantly surpass the goals of the plan. The implementation of this system led to a breakdown of social solidarity between workers, as the industrial workforce became increasingly fragmented. It was not, however, the state’s “politics of time”, something similar to the concept of time described by Stephen Hanson in the Soviet context, that determined the factory regime on Hungarian shop floors <sup>7</sup>. The remaking of wage systems and the institutionalisation of central planning was combined with an industrialisation drive which generated what János Kornai has conceptualised as an “economy of shortage” <sup>8</sup>. The combination of shortages of labour and materials combined with the disciplines of the plan on both workers and managers produced a regime characterised by informal co-operation between the two. This resulted in a loss

<sup>6</sup> - The case made here is close to that argued by István Rév, see his "The Advantages of Being Atomized: How Hungarian Peasants Coped with Collectivisation", *Dissent*, pp. 335-350, Summer 1987

<sup>7</sup> - Stephen E. Hanson has shown the way in which a specific concept of time was central in the design of Soviet economic institutions (see Stephen E. Hanson *Time & Revolution: Marxism and the Design of Soviet Institutions*, The University of North Carolina Press, Chapel Hill & London, 1997). The conception of time which Hanson describes in the Soviet context was in many ways similar to that which informed the design of Hungarian wage systems.

<sup>8</sup> - János Kornai *The Socialist System: The Political Economy of Communism*, Princeton University Press, Princeton, 1992





of control of the shop floor by the state as early as 1953, whilst social solidarity among workers was further undermined by the forms which informal bargaining took.

### **The Institutionalisation of Central Planning and the Shop Floor**

On 20th August 1949 the Peoples' Republic of Hungary sealed its transition to a state that sought to embark on "the construction of socialism" with a new constitution. This constitution stated clearly that "the basis of the social order of the Hungarian People's Republic is work". In addition it laid down the principle that all citizens of the new state had an obligation "to work according to their ability" in order to participate in "the construction of socialism". In assessing the particular obligation of each citizen "the Hungarian People's Republic attempts to realise the socialist principle "from each according to their ability, to each according to their need"". This obligation to work amounted to the participation of each citizen in the economic life of the country. The constitution clearly stated that "the economic life of the Hungarian People's Republic is determined by the state people's economic plan". Therefore the economic plan was, at least in theory, the institution that regulated the labour obligation of each and every citizen in the new state. As such it was to be much more than a means of regulating the performance of the economy, though, of course, it was also very much this. It aimed to calculate the contribution of every citizen to the generation of the social product<sup>9</sup>.

This entailed considerable institutional centralisation, as a hierarchical system of central planning copied from the Soviet model was introduced. Decision making

<sup>9</sup> - *A Dolgozó Nép Alkotmánya - A Magyar Népköztársaság Alkotmánya*, pp.37-9, Szikra, Budapest, 1949





authority within the system would be vested in the government through the Council of Ministers and in the Peoples' Economic Council (*Népgazdasági Tanács - N.T.*) established in 1949 as an overall co-ordinating body. This set the framework within which planning was to take place. The planning process itself was overseen and conducted by the National Planning Office (*Országos Tervhivatal -O.T.*). As the institutions of central planning were consolidated it assumed the role of nerve centre within the economy, translating the directives of both the Council of Ministers and the N.T. into general quantitative plans for the economy as a whole and its individual sectors <sup>10</sup>.

Each sector of the economy was supervised by a branch ministry. Within each branch ministry there were a number of industrial directorates that devised the plans for each enterprise within the appropriate sub-sector <sup>11</sup>. Following from the pioneering study by János Kornai in 1955 of the operation of the system of planning devised in 1949 in light industry, those seeking to critically examine the system have sought to examine the tension within it between excessive centralisation and the requirements of the enterprise unit. Analyses based on this approach tend to conceptualise the enterprise as the basic unit in socialist production, and as the organisation that sought to respond to the mixture of instruction, incentives and regulations that were issued by higher

<sup>10</sup> - On the broad outlines of classical Soviet central planning in its Hungarian context see Swain *Hungary*, pp.55-8; Iván T. Berend & György Ránki *The Hungarian Economy in the Twentieth Century*, pp.208-10, Croom Helm, London & Sydney, 1985; Iván Pető & Sándor Szakács *A hazai gazdaság négy évtizedének története 1945-1985 I. Az újjáépítés és a tervutasításos irányítás időszaka*, pp.104-20, Közgazdasági és Jogi Könyvkiadó, Budapest, 1985; on the importance of quantitative targets in Hungarian economic planning see Martha Lampland *The Object of Labor: Commodification in Socialist Hungary*, especially Chapter 5, Chicago University Press, Chicago and New York, 1995

<sup>11</sup> - On the creation of the branch ministries see Pető & Szakács *A hazai gazdaság.....*, pp.110-2; Swain *Hungary*, p.55; ; Iván T. Berend *A Szocialista Gazdaság fejlődése Magyarországon 1945-1968*, pp.86-7, Kossuth Könyvkiadó & Közgazdasági és Jogi Könyvkiadó, Budapest, 1974; Nicolas Spulber *The Economics of Communist Eastern Europe*, p.76, The Technology Press







authorities. Such an assumption would, of course, seem to contradict the view that running almost in parallel to the process of collectivist centralisation there was also a process of individualisation. Whilst for a variety of reasons enterprises responded as units to the instruction of planners in practice, the structure of the central planning system was based on the assumption that the individual producer, not the enterprise unit was the basis of the plan <sup>12</sup>.

Comprehensive Soviet style economic planning sought to re-define the role of the enterprise turning it from the legally autonomous entity of capitalist society into a mere administrative level within the planning process. The first manifestation of this shift was the beginning of the process of "profilisation" in 1948. This essentially meant that every enterprise, so that its production range would be transparent to central planner, should have a "profile", a range of products for which it had exclusive or near exclusive responsibility. Enterprises lost production units that produced goods which came under different industrial directorates, or even ministries <sup>13</sup>.

The state aimed to decentralise the implementation of the plan to units below that of the enterprise often combining this with the principle of "profilisation" to produce a series of re-organisations across industry during the early 1950s. This process of re-

of the Massachusetts Institute of Technology & John Wiley & Sons. Inc., with Chapman & Hall Ltd., New York & London, 1957

<sup>12</sup> - The classic study is János Kornai *Overcentralisation in Economic Administration: A Critical Analysis Based on Experience in Hungarian Light Industry*, translated by John Knapp, Oxford University Press, Oxford and New York, 1994; for an example of an analysis of classical Stalinist central planning which erroneously identifies the enterprise as the basic unit of the central planning system see Berend *A szocialista gazdaság fejlődése*, pp.87-93

<sup>13</sup> - On the process of "profilisation" see Pető & Szakács *A hazai gazdaság.....*, pp.112-4 Iván T. Berend *Gazdaságpolitika az első ötéves terv megindulásakor 1948-1950*, pp.17-9, Közgazdasági és Jogi Könyvkiadó, Budapest, 1964; Swain *Hungary*, pp.57-8





organisation in order to secure more effective control of production took the form of the creation of Trusts in industry. This was clearly illustrated by the example of the Tatabánya coal mines where such a Trust was formed in early 1952. This acted as a strategic planning unit for the whole of the mines with considerable responsibility for labour management and social policy. It drew up and monitored the performance of the separate production plans for factory and workshop units under its control <sup>14</sup>. Though the Trust was the general model of sub-enterprise planning in Stalinist Hungary it could never be applied to the whole of industry. In textiles the implementation of the principle of "profilisation" led to planners by-passing the enterprise level in some plants. In the heavy engineering sector enterprises were divided into "self-accounting units" (*önelszámoló egységek*). These units each had their own distinct profile and contained all of the technical administration necessary for the production of the goods in each units "profile". Each unit was responsible not only for fulfilling its plan but for controlling its production costs <sup>15</sup>.

The basic subject of the plan was not the factory unit or workshop but the individual producer. From 1949 onwards attempts were made to individualise economic plans, for each individual worker there would, at least on paper, be an individual Five Year Plan. This process was known as the "breaking down of the plan" (*tervfelbontás*) and was attempted in a large number of enterprises and factory units. The breaking down of the plan to individual producers was far from uniformly achieved. Very little information exists on the proportion of workers working to an individual plan, and

<sup>14</sup> - The best source for the various organisational changes to the mines in Tatabánya can be found in Sándor Rozsnyói "A város nagyüzemei" in Gábor Gombkötő et al. (ed.) *Tatabánya Története. Helytörténeti Tanulmányok II. Kötet*, p.87, Tatabánya Városi Tanács VB, Tatabánya, 1972

<sup>15</sup> - For a description of how "profilisation" in other cases see Péter Hanák & Katalin Hanák *A Magyar Pamutipar Története, 1887-1962*, pp. 314-5, A PNYV Magyar Pamutipar 1. sz.





such figures would make little sense in examining the practice of labour relations in the socialist economy simply because of the disorganisation of production. Regime intentions are provided by an examination of the situation in individual factories. In the workshop of the United Electrics Factory that made radio components, for example, in summer 1951, of 1341 employees in total 582 worked to individual plans even though 767 had individual labour competition records. Given the complexity of individualising factory plans management often adopted a more indirect method; the total maximum working time of an individual worker over five years would be calculated and any worker who completed work that was supposed to have taken that time as defined by the work norms was judged to have completed their plan. It was on this basis that the state drew attention to the achievements of individual Stakhanovites, who according to regime propaganda had completed their individual First Five Year Plans in under five years <sup>16</sup>.

The individual producer was central to the planning process. In particular the individual was central to the process of labour planning. In an economy that was not driven by fully autonomous firms subject to the discipline, at least on a theoretical level, of the market, alternative criteria had to be devised by which enterprises determined how many workers should be employed. The major criterion was that of the degree of labour power that needed to be utilised to produce a particular product. The level of employment would then become a matter of simple calculation for the planners. They would determine what needed to be produced, the amount of labour power required to produce those goods could then be calculated through scientific

Gyáregysége, Budapest, 1964; József Szekeres & Árpád Tóth *A Klement Gottwald (Ganz) Villámossági Gyár Története*, p.266, Közgazdasági és Jogi Könyvkiadó, Budapest, 1962





norms, and from this calculation the total level of employment in the economy could be determined<sup>17</sup>.

These systems profoundly affected social relations on Hungarian shop floors. The individualisation of production that central planning heralded was reflected in the re-shaping of the systems of remuneration, and indeed the organisation of production itself. The raft of measures and systems, ranging from norms to piece-rates, through to labour competition campaigns directly bound workers to the system of centralised economic planning. It is to the re-shaping of production on the shop floor as central planning was implemented and to the reform of system of remuneration that attention is now turned.

### **The Industrial Wage Relation and the Individualisation of Production, 1948-1950**

From 1948 onwards the state sought more direct control over production as the authorities began to introduce the institutions of comprehensive economic planning across the economy. Wage policy shifted as the authorities began to move towards greater dependence on so-called precise norms, calculated by scientific means which by their nature were standardised. This entailed firstly a reform of the system of payment-by-results and secondly a move to reform the organisation of production itself.

<sup>16</sup> - Budapest Főváros Levéltára (Budapest City Archive, hereafter BFL) XXIX/321/2d.; *Tervfelbontás a Rádiócsögyártásban 1951 augusztus 11-től 18-ig*; for the best known example of this see Károly Déri *Pióker Ignác - Ötéves Terv Huszonhárom Hónap Alatt*, p.3, Népszava, Budapest, 1952

<sup>17</sup> - This system of labour power planning was effectively incorporated into the yearly economic plans in 1950, that is for the 1951 Peoples' Economic Plan. For an explanation of this principle see *Munkaerőtartalék*, August 1951, pp.251-7





The reform of the system of payment-by-results began in January 1948 with the so-called second supplement to the collective agreements of that year. Norms had been in existence since 1945 but these were linked to statistical estimates of previous production in a given plant. In many cases they had been informally established on a decentralised basis at the point of production. As far as the authorities were concerned this was a problem as they sought to control the ways in which the norms were established. It called for the introduction of new, so-called *szabatos* or precise norms, calculated on the basis of "scientific" principles. Where such norms were not brought into being earnings would be cut by revising the statistical norms downwards, average norm fulfilment in November 1947 would act as the base line that would be used to determine 100% fulfilment<sup>18</sup>.

The introduction of "scientifically" established precise norms met with one major obstacle from the shop floor, namely the high degree of control of the job and remuneration enjoyed by certain groups of skilled workers. This control had been largely exercised through close control by the skill sections of certain unions, particularly the Metalworkers, of the labour market for particular groups of skilled workers so that a high degree of union control over job rates could be exercised. This was paralleled by a high degree of control on the shop floor, especially where piece based systems were in force, by the shop stewards over pay claims in order to regulate the rates of skilled workers. The case of how union control of the labour process and remuneration worked in a workshop of a railway repair shop in the late 1930s and early 1940s describes this process well. The shop steward had to approve of the rate





for a specific job before it was given to the turners in the workshop. The fulfilment of rate was not measured individually, or directly by management, but by the shop steward in order to preserve a "solidaristic wage policy" operated by the union on behalf of its members. There is considerable evidence that such practices had not merely survived but remained widespread in many sectors, particularly in heavy engineering and machine manufacture, at the end of the 1940s. In the machine manufacture shop of the United Electrics Factory in 1948 there were frequent complaints that the shop stewards controlled the performance of turners, instructing them to make no more than 135% of their norm, when they could have easily made 170%<sup>19</sup>.

The state attempted to break these solidarities by generalising labour competition, thus mobilising all workers to bust rates, and as such needed to secure the consent of large sections of the workforce. It also aimed to pave the way for planning production at the shop floor level. From 15th March 1948 until 31st August the first National Labour Competition was held. Each enterprise and shop formed a competition committee in which the social organisations, management and to an extent the workforce were to discuss changes in work organisation necessary to improve productivity. All enterprises and shops were then to be assessed through various criteria based on production, productivity, and good work discipline. Rewards were then distributed to those units in each sector with the highest point scores that were in turn distributed among the workers. Central to this was an attempt to modify work

<sup>18</sup> - The best account of the policy background to this attempts is Sándor Rákosi "Normarendezések 1948-1950-ben" in János Molnár, Sándor Orbán & Károly Urbán (eds.) *Tanulmányok a magyar népi demokrácia negyven évéről*, pp.202-4, Kossuth Könyvkiadó, Budapest, 1985

<sup>19</sup> - For the case of the railway repair shop see András Tóth *Civil társadalom és szakszervezetek*, pp. 72-3, kandidátusi értekezés, Budapest, 1994; on the United Electrics Factory in 1948 see Magyar Országos Levéltár MSZMP Budapesti Bizottság Archiviuma (Hungarian National Archive, Archive of the





practices, and fundamental to the attack on traditional shop floor solidarities was the launch of the brigade movement, and brigade competition. This aimed to unify all workers engaged in a given production process into a unit that would then compete using centrally defined criteria with other units, or brigades, for which they would be given rewards. This would be measured against newer and more explicitly decentralised economic plans. As the labour competition was continued throughout 1948 brigades spread throughout industry<sup>20</sup>.

Workers participated in the labour competition for purely instrumental reasons. In the Magyar Pamutipar cotton plant, for example, throughout the summer of 1948 the semi-skilled and largely female machine operators were mobilised behind the labour competition through the tangible increases in pay that the competition brought. This instrumental support for the competition was very much a two edged sword for the regime. Firstly, such instrumental attitudes allowed the regime to mobilise support around the notion of a re-shaping of labour organisation and of the institutions of production, which smoothed the introduction of comprehensive central planning at factory level. Secondly it made this support conditional upon the continued growth in workers' earnings. The degree to which support for the competition was dependent on earnings growth, however, was demonstrated to some extent by the way in which the competition led to abuses in terms of work practices, and in the use of machinery and raw materials in the constant struggle to drive up production. The productivist emphasis of the competition combined with the pressure to overfulfil norms led to an

Budapest Committee of the Hungarian Socialist Workers' Party, hereafter MOL M-Bp.)-134f./4ö.e., p.104

<sup>20</sup> - The 1948 labour competitions are described in *Társadalmi Szemle*, April-May 1948, pp.299-315; *Társadalmi Szemle*, August-September 1948, pp. 513-36; Politiktörténeti Intézet Levéltára (Archive of the Institute for the History of Politics, hereafter PIL) 274f.20/23ö.e., pp.73-6





"overly intense work-tempo .... which went together with disadvantages in terms of quality" <sup>21</sup>.

From the middle of 1949 the state began to explicitly individualise production. The focus of labour competition began to change to fit this emerging economic model. The state increasingly began to criticise the enterprises for giving insufficient weight to what it saw as "the most important basic condition of the labour competition movement, the individual labour competition". Such an individual labour competition movement was regarded as a fundamental part of the individualisation of production obligations, given that in the forms of labour competition that had existed hitherto "whilst the factories had globally joined one stage in the labour competition, the degree to which the implementation of particular tasks helped the totality of an enterprise fulfil its work". Not only was individual labour competition designed to provide planners with information on how plans could be individualised, it also formed part of an intensification of the state's drive against traditional work practices. The state aimed to promote particular individuals within production in order to measure particular work methods that they could then record and use to re-organise production in other factories and base newer, more scientific norms upon such methods <sup>22</sup>.

During the Autumn of 1949 the stress of regime policy was to promote individual competition and to identify those individuals who would be capable of achieving real

<sup>21</sup> - *Pamutipari Értesítő*, 1st June 1948; MOL M-Bp.-136f./3ö.e., p.65; MOL M-Bp.-136f./3ö.e., pp.79-80

<sup>22</sup> - Szakszervezetek Központi Levéltára (Central Archive of the Trade Unions, hereafter SZKL) Szakszervezetek Országos Tanácsa (National Council of Trade Unions, hereafter SZOT) Közgazdaság (Economics Department)/46d./1949; *A Magyar Munkaverseny Mozgalom Fejlődése*, p.4; on the plans







changes in their own work methods to improve productivity. The whole phenomenon assumed the role of a campaign leading up to the 70th birthday of Stalin on 21st December 1949. Between the beginning of September and the middle of November participation in individual labour competition increased enormously as a result of the campaign with the numbers of declared individual competitors increasing fivefold in some factories. Again it was those factories where traditional work practices predominated that were the focus of the introduction of individual competition like the United Electrics. In this firm the number of individual competitors rose from 6 at the end of August to 450 by the end of October <sup>23</sup>.

Faced with endemic worker control over the job the authorities across the country sought to identify candidates to become new a kind of individual competitor. They would seek to break rates spectacularly. It was this process that gave birth to the Stakhanovite movement in Hungary. In the United Electrics the machine manufacture shop was the focus of this campaign. The future Stakhanovites were carefully picked from among the workforce of the plant by management and the authorities who carefully exploited the social, political and personal tensions in the shops to persuade and coerce workers into the movement <sup>24</sup>.

During the shift held to commemorate Stalin's birthday on 21st December 1949 in the United Electrics machine shop, as in other plants up and down the country, production was explicitly re-organised to ensure that the new Stakhanovites achieved exceptional and processes by which individual competition was to be and was used to make new norms see SZKL SZOT Közgazdaság/3d./1949; *Kiváló teljesítmények vizsgálatáról készült összefoglalás*

<sup>23</sup> - For the national picture with individual competition see MOL M-Bp.-95f.2/296ö.e., p.157; MOL M-Bp.-95f.4/147ö.e., p.42





levels of production. The factory newspaper celebrated "the good organisation of production" and the fact that "the preparation of tools and raw materials was decisive", whilst "the tool room worked like never before". Rising wages as a result of increased production during the campaign created considerable enthusiasm for the competition across the country and not just in the plant. In Újpest there were reports of individuals arriving at work an hour before the beginning of their shift. In one Győr factory the party secretary described the feeling during the Stalin shift as being like that at a football match. The state's aim of individualising production relations had been significantly advanced by the spread of individual labour competition. Production was re-organised whilst workers had been encouraged to regard their contribution to production as an individual, as opposed to a collective act. On to the individualisation of the labour competition was superimposed a wage system that explicitly tied remuneration to the value of a worker's production as set down in the plan <sup>25</sup>.

This system was the *darrabér*, or piece-rate that was introduced across Hungarian industry in 1950. Whilst this form was never fully comprehensive it did become the hegemonic wage form in industry during the early 1950s. The central component of the system was that the work done, not the individual worker, was the subject of remuneration. Through this the principle was established that payment should reflect the amount and value of what was produced by a worker as laid out in the plan <sup>26</sup>.

<sup>24</sup> - For the intentions of the organisers of individual competition in the factory in this regard see MOL M-Bp.-95f.2/295ö.e., p.224; on its beginnings see *Tungsram Híradó*, 8th September 1949; *Tungsram Híradó*, 5th December 1949

<sup>25</sup> - *Tungsram Híradó*, 5th January 1950; MOL Bp.-95f.4/147ö.e., pp.134-6; MOL M-Bp.-95f.2/296ö.e., p.81; MOL M-KS-276f.65/76ö.e., pp.30-1

<sup>26</sup> - For an explanation of the piece rate principle see Sándor Dekán *Darrabérrendzerrel a szocialista bérezés megvalósítása felé*, p.7, Népszava, Budapest, 1950; for important documents on the design of





This opened up the possibility of a worker working on several different hourly wage rates on the same shift. In many ways it came to resemble a kind of fee for work done, which made it very different from many of the piece-rates existing in capitalist factories. There were several important differences, however, between the piece-rate and a simple contract fee. The first was that the rate was received within the context of an employment relation, theoretically the recipient was not self-employed but was legally a waged worker-citizen. The second was the dual nature of the incentive. Work was divided into different categories depending on their difficulty that determined the rate. This rate would then be paid on the basis of the worker's fulfilment of their production norm. The interaction of the piece-rate and the norm created a pressure for the worker not only to complete a given number of pieces to make an adequate monthly wage but to constantly strive to complete every piece in the shortest possible time. The intention behind the system was to completely subordinate the worker to the dictates of "clock time"<sup>27</sup>, in order to force the workers to improve their productivity according to the terms set out in the plan. As such it aimed to force workers to maximise the amount of their working time they spent performing productive labour. The third difference was that the worker did receive an hourly wage when they were not working, the rate was often set at a miserably low level by the foreman and linked to the category of work a worker could expect to get

28 .

the piece rate see SZKL SZOT Közgazdaság/3d./1949; *Tervezet a Darrabérendszere Való Áttéres Előkészítésére*

<sup>27</sup> - For this term see E.P. Thompson "Time, Work-Discipline and Industrial Capitalism" reprinted in his *Customs in Common*, pp. 352-403, Penguin Books, London, 1993

<sup>28</sup> - On the process of *besorolás* see SZKL SZOT Közgazdaság/3d./1949; *Tervezet a Darrabérendszere Való Áttéres Előkészítésére*, pp.6-7; Dekán *Darrabérrendzerrel a szocialista*, pp.8-9





By the Spring of 1950 the state had through labour competition and the wage system largely succeeded in individualising work relations. A worker's performance was measured strictly on the basis of their individual contribution to the economy, and they received their reward as a result of the value of that contribution. Work on the shop floor was therefore formally tied to the plan. Despite this the new systems had been accepted by workers only on the basis that they led to direct wage increases, a situation which undermined attempts by the state to increase productivity.

Consequently in mid-1950 the state sought to clamp down by revising the norms, in order to "close the damaging difference between the wage system .... and the production fulfilments achieved in the labour competition" <sup>29</sup>.

The tightening succeeded in increasing productivity by cutting the wage funds; the amount of money given to enterprises by the central apparatus to cover wage related expenses. In heavy industry they fell by 13.5% and in light industry by 11.4% as the new system was introduced in August 1950. Yet the increase in productivity was bought at the cost of huge reductions in workers' nominal wages at a time of accelerating inflation, that smashed any of the trust that had existed between workers and "their" new state. Nominal wages fell by 14.3% in heavy industry, 12.5% in light industry and 19.4% in overground construction. The introduction of the new norms

<sup>29</sup> - For this see *Munkaerőtartalék*, August 1951, pp.251-7; Magyar Országos Levéltár MDP-MSZMP Központi Szervek iratai (Hungarian National Archive, Paper of the Central Organisations of the Hungarian Workers' Party - Hungarian Socialist Workers' Party, hereafter MOL M-KS)-276f.116/18ö.e., p.34

<sup>30</sup> - For a more detailed description of the 1950 norm revision campaign see Pittaway *Industrial Workers, Socialist Industrialisation and the State*, pp. 99-104; MOL M-KS-276f.116/19ö.e., pp.129-30; MOL M-KS-276f.116/19ö.e., pp.220-3; MOL M-KS-276f.116/18ö.e., pp.180-3; MOL M-KS-276f.116/18ö.e., pp.197-9; MOL M-KS-276f.116/19ö.e., p.1; MOL M-KS-276f.116/19ö.e., p.5; MOL M-KS-276f.116/19ö.e., p.58; MOL M-KS-276f.116/19ö.e., pp.43-5





was furthermore met by one of the largest waves of worker in the post-war period, though open discontent was ruthlessly crushed by the regime <sup>30</sup>.

In the medium term the major effect of the 1950 norm revision was to create norms that were very difficult for workers to make, a situation that was clearly borne out by the statistics from late 1950 on the proportion of workers not making their norms. In Újpest in November there were thirteen factories where more than 20% of the workforce failed to make 100% of their norms. In the district's textile factories a majority of the workforce failed to make them; in one factory the proportion of those failing to reach their norm stood at 73.6%. In the Danube Shoe Factory where 32% failed to reach their norms another 20% only just made them. The whole process of norm revision did not lead to undifferentiated cuts in wages, nor in performance. Indeed it seems that the process led rather to the sharpening of inequalities between individual workers and between brigades, almost independent of their skill or their formal position within the division of labour. On one construction site in the capital soon after the introduction of the new norms, the average fulfilment rates of the bricklayers varied at between 70 and 169%, the range for carpenters was between 53 and 139%, whilst for unskilled workers it stood at between 32 and 130%. This was also true of other sectors, in the Danube Shoe Factory, where the majority of the workforce were either unable or only just able to make their norms there were just over 10% of the workforce who were able to achieve rates of over 150%, and a small number who able to achieve rates as high as 180%.

This inequality existed partially as a consequence of keeping Stakhanovism alive.

With the fall off in support for the labour competition that accompanied norm revision





the high performances of a small number of workers were maintained by granting them preferential access to machines, tools and materials. One former worker in a textile factory close to the capital remembered that "the wages were not great and permanently fluctuated ..... a large proportion of the weaving machine operators earned between 500 and 800 Forints, it was very difficult to get a wage of over 1000 Forints a month, only party members and Stakhanovites could get that. Of course they got the best machines and the 100 or 200 Forint wage supplement" <sup>31</sup>. The individualisation of production had led to the fragmentation of the workforce, a phenomenon exacerbated by the preferential treatment of certain workers by management. This process, however, was given enormous impetus by the rise of a shortage economy immediately following the norm revision of 1950. This in turn undercut the attempts of the regime to use monetary incentives in order to enforce their "politics of time" on the shop floor.

### **Forced Industrialisation, Shortage and Socialist "Flexibility": the effects of systemic problems on the shop floor**

At the heart of the failure of the regime to subordinate workers to the goals of the plan through remuneration attached to their "politics of time" was that the wage system rested on the assumption of continuous production. In reality the interaction of the plan and the shortage the plan generated created its own peculiar rhythm of production, with serious effects on the shop floor and on the earning potential of industrial workers. The plan established a calendar for the enterprise as the First Five Year Plan was broken down into quantitative annual plans, from there into quarterly





plans, then monthly plans and finally even daily plans. Within this tight system of deadlines a hierarchy was established. Non-fulfilment of the daily plans alone was not an especially serious matter, failure to fulfil a monthly plan might be a cause for concern whilst non-fulfilment of a quarterly plan might provoke serious state intervention and definitely meant the loss of premiums for managers and technical staff<sup>32</sup>.

The other determining factor of the rhythm of shop floor production was not planning *per se*, but the nature of the First Five Year Plan, in place during the period. This plan had been passed as a law in 1949 and was geared to the rapid development of heavy industry, especially of the machine manufacturing sector. The plan was constantly revised, with more ambitious targets constantly set for the growth of heavy industry at the expense of living standards, agriculture and other light industrial sectors. Furthermore the plan sought to expand heavy industrial production without appropriately investing in supporting industries<sup>33</sup>.

<sup>31</sup> - MOL M-Bp.-95f.4/120ö.e., p.252; MOL M-Bp.-95f.4/120ö.e., p.238; MOL M-Bp.-95f.4/120ö.e., p.58; Open Society Archives, Radio Free Europe, Interviews with Escapees, hereafter OSA RFE Magyar Gy. 6/ Item No. 5898/54, p.2

<sup>32</sup> - See Kornai *Overcentralisation*, pp.1-27 for a discussion of how the plans were broken down temporally into quarterly planning units and of how non-fulfilment at various points was regarded by the authorities.

<sup>33</sup> - For general information on the First Five Year Plan see Pető & Szakács *A hazai gazdaság ....*, pp.151-67; Berend *A Szocialista Gazdaság ....*, p.76; Berend *Gazdaságpolitika az első...*; István Birta "A szocialista iparosítási politika néhány kérdése az első öt éves terv időszakában", *Párttörténeti Közlemények*, No.3, pp.113-51, 1970

<sup>34</sup> - Pető & Szakács *A hazai gazdaság*, p.189; for a brief contemporary discussion by a senior party economic expert see *Társadalmi Szemle*, February 1953, pp.143-4; for the problems this caused on some construction sites see the example of the Budapest metro as discussed in Endre Prakfalvi "A budapesti ős-metró (1949-1956)", *Budapesti Negyed*, No.5, especially pp.31-6, Autumn 1994, for a discussion of similar problem on the Sztálinváros construction site, the biggest single investment of the First Five Year Plan, see Miklós Miskolczi & András Rózsa *A Husz éves Dunai Vasmű*, p.41, unpublished manuscript, Dunaújváros, 1969. For the situation of the cement industry see Ernő Gerő *A vas, az acél a gépek országért*, p.303, Szikra, Budapest, 1952, and for Tatabánya see *Harc a Szénért*, 25th January 1952. On the





The consequences of this kind of production for the economy were very clear as enterprises became trapped in a vicious cycle of plan underfulfilment followed by severe shortages of raw materials which in turn led to further shortages. This environment of shortage had taken hold in some sectors by the second half of 1950, but by Spring 1951 had become general. This tendency was at its most extreme on the sites of major investments such as the construction of new towns at Tatabánya, Komló and Sztálinváros. The building of the Budapest metro and the reconstruction of the Diósgyőr steel plants had been constantly plagued by severe shortages of raw materials. This was very much a symptom of the problem; certain sectors, especially those supplying raw materials to the fastest growing sectors faced unrealistic plans that were basically unrealisable. In electrical power generation, for example, the late delivery of turbines to the Tatabánya power plants led to the underfulfilment of the electrical production plan by early 1952. The growth of shortage goods was fed by the more general fact that in the first forty-eight months of the plan, on nine occasions the monthly quantity based plan had been under fulfilled leading to an increase in shortage products in each case <sup>34</sup>.

plan in general see Pető & Szakács *A hazai gazdaság*, pp.195-7

<sup>35</sup> - SZKL SZOT Közgazdaság/18d./1953; *Jelentés a munkaverseny, munkafegyelem és a munkavédelem alakulásáról a kormányprogram elhangzása óta*, p.2

<sup>36</sup> - MOL M-KS-276f.53/145ö.e.; *Tájékoztató az üzemi dolgozók és az üzemi vezetők által felvetett szociális és kulturális problémákról*, p.28

<sup>37</sup> - SZKL SZOT Bérosztály (Wage Department)/28d./1953; *Feljegyzés ...*

<sup>38</sup> - SZKL SZOT Bérosztály/15d./1953; *Feljegyzés Varga Elvtársnak a NIM-ben tartott értekezletről- a munkaerőátcsoportosítás terén eddig tett intézkedésekről*, p.1

<sup>39</sup> - MOL M-KS-276f.53/145 ö.e.; *Tájékoztató az üzemi dolgozók és az üzemi vezetők által felvetett szociális és kulturális problémákról*, p.36; SZKL SZOT Bérosztály/2d./1953; *A Központi Vezetőség Terv-, Pénzügyi és Kereskedelmi Osztályának, valamint a Minisztertanács Bértitkárságának észrevétele a Nehézipari Minisztérium "A szénbányászat bérhelyzetéről" szülő előterjesztéséhez*, p.3

<sup>40</sup> - SZKL SZOT Bérosztály/30d./1953; *Bányaipari Dolgozók Szakszervezete Jelentés a bányászat jelenlegi bérhelyzetéről*, p.1; it is interesting to note that the Mineworkers' Union who submitted the report did not believe that a monthly wage of 700-800 Forints was sufficient to cover a miners' living expenses, let alone 522 Forints, see *ibid.*, p.2







These economic problems manifested themselves on the shop floor in three different ways. The first was the shortage of raw materials, the second that of labour and the third of tools and other kinds of machinery. Because of the dependence of wages on finished production shortages of raw materials had direct and catastrophic effects on workers' wage packets. This can be seen by examining the situation in some factories over the Summer of 1953 when the problem of raw material shortages grew across industry. For example in the Cog Wheel Factory the assembly shop was unable to start work on the monthly plan until the 20 July, whilst by the 22nd it had only 45% of the materials to reach its target<sup>35</sup>. In the Gábor Áron Iron Foundry and Machine Factory the failure to guarantee the workers a continuous supply of raw materials led the workers' monthly pay to decline from 1,100-1,200 Forints to 500-550 Forints<sup>36</sup>. Severe disorganisation of production caused by persistent raw material shortages led to continual work stoppages in textiles also; in the Cotton Textile Spinning Plant these accounted for 9.31% of total working hours in June, 9.98% in July, and 12.87% in August<sup>37</sup>.

The second of these phenomena was that of labour shortage. What particularly distinguished it from raw material shortages was the way in which it was pushed by low wages. This can be shown through the situation in coal mining which was a particularly extreme example of the problem. The wage department of the National Council of Trade Unions reported in late 1953 a constant shortage of 6500-6800 workers in the mines. Though it reported that labour recruitment campaigns could successfully recruit 8-10,000 new workers monthly, it stated that this had been undermined by a greater level of labour turnover as worker-peasants went back to





work in agriculture during the summer months<sup>38</sup>. Feeding this high labour turnover were the low wages of the unskilled coal hauliers, and cart loaders among whom worker-peasants were over represented. Most of these workers left work after about two weeks<sup>39</sup>. Coal hauliers wages were particularly low for the work that they did. One worker Károly Németh working in the Mine No. XV in Tatabánya earned 18.40 Forints daily, after working 25 shifts and with a 20% supplement for working underground he took 552 Forints home at the end of the month, something like half the industrial average. It was the lack of workers who could carry away the coal after it had been cut which led to the severe disorganisation of production in the mines, which hindered the coal cutters from producing and thus fulfilling their norms<sup>40</sup>. The Csolnoki II mine was forced to stop production outright because of a lack of such workers; in Ormospuszta many of the mines were forced to cope with the shortage by allocating coal hewers to clear the coal, thus leading to temporary stoppages of work at the coal face<sup>41</sup>. This led to a situation where only around 50% of skilled workers at

<sup>41</sup> - MOL M-KS-276f.53/145 ö.e.; *Tájékoztató az üzemi dolgozók és az üzemi vezetők által felvetett szociális és kulturális problémákról*, pp.35-6

<sup>42</sup> - SZKL SZOT Bérosztály/28d./1953; *Minisztertanács Bértitkársága Javaslat az 1954. évben végrehajtandó bérügyi intézkedésekre*, p.3

<sup>43</sup> - SZKL SZOT Bérosztály/30d./1953; *Feljegyzés Jamrik elvtárs részére*; for more detail on the findings of the investigation see MOL M-KS-276f.94/588ö.e., p.130

<sup>44</sup> - SZKL SZOT Közgazdaság/18d./1953; *Jelentés a munkaverseny, munkafegyelem és a munkavédelem alkulásáról a kormányprogram elhangzása óta*, p.3

<sup>45</sup> - Attila Tóth "A pocol tornácán" in József Somorjai ed. *Tatabánya 45 Éve Város: Tatabánya várossa nyilváníásának 45 évfordulója alkalmából rendezett tudományos konferencia előadásainak anyaga (Tatabánya, 1992 október 1-2)*, p.127, Komárom-Esztergom Megyei Önkormányzat Múzeumainak Igazgatósága, Tata, 1992

<sup>46</sup> - SZKL SZOT Bérosztály/30d./1953; *Bőripari Dolgozók Szakszervezete Munkabérosztály Vezető levél ...*, p.2

<sup>47</sup> - MOL M-KS-276f.53/145 ö.e.; *Tájékoztató az üzemi dolgozók és az üzemi vezetők által felvetett szociális és kulturális problémákról*, p.44

<sup>48</sup> - MOL M-KS-276f.53/145 ö.e.; *Tájékoztató az üzemi dolgozók és az üzemi vezetők által felvetett szociális és kulturális problémákról*, p.30

<sup>49</sup> - MOL M-KS-276f.53/145 ö.e.; *Tájékoztató az üzemi dolgozók és az üzemi vezetők által felvetett*





the coal face could fulfil their norms <sup>42</sup>. In an examination of wage problems in the Petõfi Coal Mine in May 1953 it was reported that it "was a really rare case, if a worker could gain a percentage at the coal face sufficient to make him a





Stakhanovite" <sup>43</sup>. This fed a growing problem of worker absenteeism. In June 1953 the number of shifts missed in the sector was 10,241, a figure that rose in July to 13,101 <sup>44</sup>. Indeed so great was the labour shortage that the authorities often deployed prison labour to make up the numbers at the coal face; in Tatabánya in 1953 the enterprise reported that some 405 prisoners were working in the city <sup>45</sup>. Though mining was an extreme case, this phenomenon manifested itself to a greater or lesser extent in other branches of the economy. In the leather industry generally low wages in a tight labour market inevitably led to severe labour shortages, especially of unskilled workers; at the Tansics Leather Factory it was reported that when the factory managed to recruit new workers, almost without exception, they left the job within two days <sup>46</sup>.

The third problem related to the over exploitation of machinery and the shortages of tools in the plant itself. The poor maintenance of machinery and plant was a severe problem, and was gravely exacerbated by labour shortage, as management directed as many workers as possible away from maintenance into production. In the Tatabánya mines the adoption of this policy by mine management was blamed for poor safety conditions <sup>47</sup>. Often the incentive structures discouraged enterprises from adequately maintaining machinery. They were not credited for maintenance work in the calculation of plan fulfilment indicators, yet the expenditure related to such work represented a drain on the enterprise wage fund. Such an incentive structure led managers to exploit ageing machinery to its limits creating huge backlogs of maintenance expenditure. In metalworking the poor state of machinery particularly affected workers on tight norms. In the Esztergom Tool and Machinery Factory workers on small machines complained that they were in such bad condition and the





motors inside them were so weak that it was impossible to make 100% of their norms using them<sup>48</sup>. Added to this was a very serious shortage of work tools. In the Esztergom Tool and Machinery Factory piece rate workers on average spent 30 to 35% of their working time in search of the tools and materials to finish their job<sup>49</sup>.

The cumulative effect of each of these essentially systemic problems was that even with very lax norms, the percentage of those failing to reach 100% in ministry controlled industry was always high; it stood at 15.5% in June 1953<sup>50</sup>. What was more important, however, was that the constant pressure of the plan target combined with a persistent problem of shortage to change the way in which management attempted to utilise labour. This had profound implication for workers' own experiences of work and for the rhythms of production. Management attempted to "flexibly" deploy labour across the territory of an enterprise, forcing workers to take differing jobs, with different wage rates depending on the state of production. In the Northern Hungary Chemical Works, a new enterprise, one hundred skilled workers

<sup>50</sup> - SZKL SZOT Közgazdaság/18d./1953; *Jelentés a munkaverseny, munkafegyelem és a munkavédelem alkulásáról a kormányprogram elhangzása óta*, p.2

<sup>51</sup> - SZKL SZOT Bérosztály/30d./1953; *A vegyiparban lévő munkaügyi- és bérproblémák*, p.6

<sup>52</sup> - MOL M-KS-276f.53/ 145 ö.e.; *Tájékoztató az üzemi dolgozók és az üzemi vezetők által felvetett szociális és kulturális problémákról*, p.7

<sup>53</sup> - For this see Iván Pető & Sándor Szakács *A hazai gazdaság*, p.195

<sup>54</sup> - SZKL SZOT Bérosztály/30 d./1953; *Bőripari Dolgozók Szakszervezete Munkabérosztály Vezető levél...*, p.10

<sup>55</sup> - MOL M-KS-276f.53/145ö.e.; *Tájékoztató az üzemi dolgozók és az üzemi vezetők által felvetett szociális és kulturális problémákról*, p.25

<sup>56</sup> - MOL M-KS-276f.94/590ö.e., p.43

<sup>57</sup> - SZKL SZOT Bérosztály/30d./1953; *Levél az Élelmiszeripari Minisztérium Munkaügyi- és Bérfőosztály Vezetőtől a Szakszervezetek Országos Tanácsa Munkabér-osztálynak, 1953. október 8.*, p.2

<sup>58</sup> - SZKL SZOT Bérosztály/28 d./1953; *Feljegyzés ...*





had been trained, but due to raw material shortages could not be given work appropriate to their training. As a result they were shifted to different jobs within the enterprise. Such "flexibility" had negative consequences for their earnings. It was estimated that in October 1953 instead of earning the standard wage of 800 Forints a month, they earned only 400-500 Forints instead. This, it was reported, severely hindered the smooth operation of the internal labour market within the enterprise <sup>51</sup>. Such strategies met with serious worker discontent. In the Ózd Metallurgical Works one skilled worker complained to a party committee that "there are shops where, because of material shortage, they transfer work group leaders, brigade leaders, and outstanding workers. That means that they get unskilled workers wages, they can't even earn 800 or 900 Forints" <sup>52</sup>.

There was another side to the problem of stoppages. When the raw materials arrived or when the deadline for plan fulfilment neared, management would need to draw on reserves of time and labour to make up the previous shortfall. This would often be done through the use of campaign style methods. In sectors producing for export because of the poor quality of much of the production, 40-50% of the quarterly plan would be produced in the last month, and of this 40-50%, 55-60% was produced in the last ten days of the last month <sup>53</sup>. Forms of the labour competition and related "work" movements could be used to help the enterprises cope with the problem. In the Danube Shoe Factory the reorganisation of the export warehouse was done on Sunday and classified by the enterprise management as "social" work, so that overtime payment could be avoided <sup>54</sup>.

During such periods overtime increased, in many factories unlawfully. In the





construction sector, the total expenditure on overtime pay increased by 200,000 Forints from July to August 1953. In the Láng Machine Factory in September of that year plan fulfilment of the monthly plan in the first ten days stood at 10%, yet made up the production lag in the second ten with the aid of overtime, which had averaged over the year at 30 to 50,000 hours in every month<sup>55</sup>. At such times the demand for overtime fell on different categories of workers, with high working hours being particularly demanded of those workers whose position in the internal division of labour of the plant meant that the maintenance of continuous production was dependant on them. For some workers overtime became a constant part of working life. In the KISTEXT Textile Factory the demand for overtime fell disproportionately on both administrative workers and manual workers in the maintenance shop<sup>56</sup>. In sugar production, the shortage of engineers meant that it was often necessary for technical workers to work for eight hours on Sunday without a rest day, in order to guarantee the conditions for production during the following week. In spite of this situation the central authorities refused to allow overtime to be paid for such work, creating enormous problems for the enterprise<sup>57</sup>. In those sectors where this was required the enterprise became dependent on the "flexibility" of certain categories of worker, and this relationship of dependence was sometimes successfully exploited by the workers concerned.

Above all the unpredictable and uneven rhythms of production combined with the pressure of the wage system undermined remuneration as a mechanism for binding the worker to the plan. Indeed the operation of the "shortage" economy that had come into being during the early 1950s had a rhythm and a calendar of its own that was impenetrable to the will of the worker, one governed by the dialectic of shortage and





at the end of plan cycle, the rush, as raw materials arrived. This was to form the context against which workers were able to exercise a degree of countervailing power even at the height of Stalinism in Hungary.

### **Informal Bargaining and the Particularisation of Working Class Identity**

By the end of the Stalinist era in 1953 the attempt to use the wage system to persuade the worker to produce more quickly had been destroyed by the different rhythms of production created by the operation of the economy at shop floor level. The demands that the plan imposed upon enterprise management combined with the environment of shortage created a chaotic situation in production but simultaneously gave a degree of countervailing power to the workforce. The environment in which production occurred and the strategies workers adopted to exercise this countervailing power had consequences for the social identities adopted by industrial workers. The workplace had become an arena for considerable shop floor bargaining fed by managements' need to accommodate workers to cope with the demands of production in a shortage economy and worker rejection of the official wage system.

Many of the more blatant forms that this bargaining took were simply called "norm cheating" by the central apparatus. One form was the abuse of the innovation movement, that was often found in the metalworking sector to disguise short cuts in the production of each piece, a practice that often led to declining quality. Such "norm cheating" often took the form of the abuse of elements of the labour competition. In the Diósgyőr Steel Mills unskilled workers supplying the furnace were able to earn wages 50% higher than normal by engaging in "shock work". These workers







officially left their workplace and were simply re-employed by the enterprise as shock workers, performing their original job, in order to gain higher wages. There were cases reported of workers abandoning the enterprise completely and simply living as shock workers as a result. In other cases "cheating" took the form of the foreman changing the size of the job done on paper in order to raise the wages of the workforce. In the Sztálinváros Brick Factory the foreman simply reported that 2-300 tons more bricks had been produced than was actually the case. On the Nagyatádi construction site the wage fund had been overspent by 147,000 Forints in August 1953. This was due largely to enterprise management that had paid for 2,500 square metres of plastering, as well as the haulage of 770,000 bricks, 825 cubic metres of mortar, and 390 cubic metres of concrete. This work had only ever been completed on paper<sup>58</sup>. This more blatant form of wage manipulation was exceptional in that "norm cheating" generally occurred during rushes at the end of the month, or quarter in order to fulfil the plan.

Another more subtle form that informal bargaining took was the exploitation by management of ambiguities in the work categorisation system to give workers higher wages than the central authorities stipulated. Indeed bargaining between managers and workers over the categorisation of jobs for which there was a particular shortage of labour had become endemic by the early Summer of 1953. At that time the Ministry of Heavy Industry and the trade unions intervened to prevent an informal reduction of the norms in the Mátyás Rákosi Pipe Factory. The result was a debate between the central and the enterprise level organisation about the appropriate categories into which warehouse workers should be placed, with the enterprise arguing they should go into a higher category than that in which the central authorities





wished to place them. The union reported that in steel mills the enterprise management commonly shifted maintenance workers, fitters and turners into higher wage categories than those centrally stipulated. Among maintenance workers in the textile factories such modifications seem to have been quite common and were made in order to give workers in these industries wages comparable to those in the metalworking sector in order to prevent labour mobility <sup>59</sup>.

The classic form shop floor bargaining took, however, was over the norms. One of the most notable features of the norms was how certain groups of workers could use their position in the production process to informally bargain with management to secure norm relaxation. This differed from "norm cheating" in that the latter consisted of blatant attempts to defraud management, whilst other forms of bargaining around the norms were more subtle. Initially the introduction of unpopular norms was met by a series of exaggerated complaints. In the Mátyás Rákosi Machine Factory, some 80% of the complaints were described as unrealistic and as a tool in the bargaining process between workers and management <sup>60</sup>. If this failed to have an effect then the next step was for workers to withhold production. In one machine factory, the workers regulated the pace of their work in order to underfulfil their norms over a twenty day period (50-60% fulfilment). Over the next ten days the enterprise management converted them to "shock work" wages, in order to fulfil the monthly plan, which led to norm fulfilment of 200-300%. Often such behaviour led to norm relaxation. In the metalworking sector this strategy simply took the form of underestimating the capacity of technology to cope with high work intensity <sup>61</sup>. This also seems to have

<sup>59</sup> - *ibid.*, p.2

<sup>60</sup> - SZKL SZOT Bérosztály/31d./1953; *Jelentés Bér és norma észrevételekről*, p.1

<sup>61</sup> - SZKL SZOT Bérosztály/28 d./1953; *Jelentés a bérhelyzeteről*





been the case with semi-skilled workers operating machines or working on automated assembly lines in food processing <sup>62</sup>. In construction crane operators had been able to bargain to relax the norms. This led to them earning as much as 2500-3000 Forints monthly whilst many of their work mates on the site could only earn around 800 Forints <sup>63</sup>.

Some workers were better able than others to successfully secure norm relaxation, and this led to a re-shaping of the wage system. In the metal industry, at the Mátyás Rákosi Machine Factory the differing importance of the various shops in the production process led to wage differentials opening up between the skills depending on their area of employment in the factory. Turners' average hourly wages varied from between 5.01 Forints in the lowest paid shop to 6.27 Forints in the highest. The biggest difference was among the grinders, the lowest paid earned 4.28 Forints an hour whilst those working in the maintenance section could earn 9.88 Forints <sup>64</sup>. In textiles lax norms were experienced in enterprises where skilled work by hand was required. In areas such as flax and hemp, yarn, silk and ready made hosiery production the norms for those jobs requiring handicraft production were considerably more lax than those for machine workers, with handicraft norms fulfilled by 150-180% <sup>65</sup>.

Maintenance workers were generally able to exploit their position to secure wage

<sup>62</sup> - SZKL SZOT Bérosztály/30d./1953; *Jelentés az élelmezési ipar bér- norma és premiumrendszer felülvizsgálásáról*, p.16

<sup>63</sup> - SZKL SZOT Bérosztály/31d./1953; *Bérproblémák az Építő- és Építőanyagipar területén*, p.2

<sup>64</sup> - SZKL SZOT Bérosztály/31d./1953; *Jelentés Bér és normával kapcsolatos észrevételekről*, p.1

<sup>65</sup> - SZKL SZOT Bérosztály/30d./1953; *Tapasztalaink alapján megállapítottuk azt, ..., pp.3-4*





advantages through norm relaxation and informal bargaining over the categorisation of jobs. In the metal industry the result of such bargaining was to create large wage differences between enterprises. In most large enterprises in light industry the maintenance staff accounted for some 50-100 workers. The work was not paid according to a standardised norm, though wages were generally set according to the rates for skilled work in heavy engineering<sup>66</sup>. The consequences of this lack of standardisation can be illustrated by the problem of the labour mobility of maintenance workers between the Almásfüztő Aluminium Smelter and the Almásfüztő Oil Refining Enterprise. In the aluminium smelter the maintenance staff were paid according to the heavy engineering rates, whilst in the oil refinery they were paid on the basis of the lower chemical industry rates. The consequence of this was that the latter enterprise had serious problems recruiting and retaining maintenance staff<sup>67</sup>. In mining, low pay for maintenance workers relative to other sectors was a major cause of discontent among the workers. Monthly wages were as low as 500-600 Forints for some workers in the sector<sup>68</sup>. Such a lack of standardised payment gave workers considerable scope to employ informal bargaining strategies to increase their wages. In one pharmaceuticals plant, for example, maintenance workers simply refused to complete work when the enterprise management refused to offer them pay for supplementary time<sup>69</sup>. The ability of maintenance workers to participate in informal bargaining could lead to serious problems. Indeed in light industry the superior capacity of maintenance workers over even skilled workers to bargain

<sup>66</sup> - SZKL SZOT Bérosztály/30d./1953; *Könyviipari és Mezőgazdasági Osztály Jelentés*, p.3

<sup>67</sup> - SZKL SZOT Bérosztály/30d./1953; *A vegyiparban lévő munkaügyi- és bérproblémák*, p.4

<sup>68</sup> - SZKL SZOT Bérosztály/30d./1953; *Bányaipari Dolgozók Szakszervezete Jelentés a bányászat jelenlegi bérhelyzetről*, p.2

<sup>69</sup> - SZKL SZOT Bérosztály/30d./1953; *Könyviipari és Mezőgazdasági Osztály Jelentés*, p.3





informally with management, than even skilled workers in the industries led to distortions in the wage distribution. In the Budapest Conserves Factory, for example, in August 1953 machinists earned between 1,079 and 1,098 Forints, whilst unskilled workers in maintenance, could earn between 1,146 and 1424 Forints monthly <sup>70</sup>.

Those workers responsible for supplying materials, and loading and unloading loading, were particularly successful in achieving norm relaxation, because of their ability to determine the pace of production, through regulating the speed of their work. At the Békés County Flour Mills, for example, average norm fulfilment varied between 90 and 105%, whilst loading workers could fulfil their norms by 135 to 140%. At the Szabolcs County Flour Mills, in the third quarter of 1953, average norm fulfilment varied at between 103 to 104%, guaranteeing an average monthly wage of 671 Forints. In this enterprise one loader was able with 20 days work to earn 1175.90 Forints, whilst one milling grinder in 15 days with 150 hours work earned 847.37 Forints, and a flour siever with 17 days and 190 hours work could only make 487.60 Forints. Often the skilled millers earned less than the unskilled loaders <sup>71</sup>.

Such informal bargaining contributed enormously to the fragmentation of the industrial workforce that had been set in train by the implementation of new systems of remuneration during 1949 and 1950. Informal bargaining strategies could only be employed successfully by small groups of workers and in many factories were generally secured at the expense of other workers. In one Budapest machine factory

<sup>70</sup> - SZKL SZOT Bérosztály/30 d./1953; *Levél az Élelmiszeripari Minisztérium Munkaügyi- és Bérfőosztály Vezetőtől a Szakszervezetek Országos Tanácsa Munkabér-osztálynak, 1953 október 8.*, p.2, the information on the tightness of the norms for machinists in light industry can be found in *ibid.*, p.3

<sup>71</sup> - SZKL SZOT Bérosztály/30d./1953; *Jelentés az élelmezési ipar bér- norma és premiumrendszer felülvizsgálásáról*, pp.12-3





informal bargaining had undermined relations between the workers on the shop floor to such an extent by early 1951 that one union official stated that "the biggest problem .... is the lack of good relations between work mates, we should have a friendly atmosphere between work groups like that we had a year ago, when we didn't throw insults at each other" <sup>72</sup>.

Superimposed on to the fragmentation of the industrial workforce was a process that can best be described as the particularisation of worker identity, that contributed to and was partly driven by the process of informal bargaining <sup>73</sup>. This resulted from the combination of informal co-operation between management and the workers with the re-composition of the workforce resulting from the considerable proletarianisation that resulted from forced industrialisation. . This transformation was documented by a survey of 20 enterprises located in Budapest in October 1953 employing a total of 93,000 workers; of these only 62.8% had been workers in 1949, 10.8% were of peasant origin, a further 8.8% had been housewives on the eve of the Five Year Plan and 4.2% had either been self-employed or had white collar jobs four years previously. The survey also indicated that in the provinces the extent of the re-composition had been much greater <sup>74</sup>.

<sup>72</sup> - MOL M-Bp.-176f.2/191/4ö.e., p.146

<sup>73</sup> - I describe this process in much greater depth elsewhere, see Mark Pittaway *Rejecting Class Solidarity: Proletarianisation and the Particularisation of Worker Identity in Stalinist Hungary*, Paper given at the 30<sup>th</sup> Convention of the American Association for the Advancement of Slavic Studies (AAASS), Boca Raton, Florida, United States, 24-27<sup>th</sup> September 1998; see also Pittaway *Industrial Workers, Socialist Industrialisation and the State*, pp. 243-86

<sup>74</sup> - "A magyar munkásosztály fejlődése", p.14, Unpublished manuscript in the Library of the Central Statistical Office, Budapest, 1954

<sup>75</sup> - SZKL Bányász (Mineworkers' Union)/922d./1955; *Jegyzőkönyv felvétellett 1955. VI. 3.-án a Tröszt bizottság helységben megtartott elnökségi ülésen*, p.4





Growing official concern about the indiscipline and low skill level of the many new recruits had created spaces which small groups of workers could use to secure preferential treatment from management. One union official in a western Hungarian mining town admitted giving preferential treatment to small groups of more experienced workers when applying work discipline regulations. He stated that because he believed that "new workers are the ones who absent themselves ... if an old worker with 18 to 20 years service to the pit came to the factory management almost crying to ask that they don't penalise him for being absent, then of course with such an old and honest worker we wouldn't use a severe penalty, but with new workers who go absent, we are strict" <sup>75</sup>. Such spaces were exploited by small groups of workers to bargain informally with management over wages, access to tools and raw materials and over the implementation of work discipline regulations using attributes of skill and experience to secure favourable treatment. Such attributes were cultural constructs and their successful deployment served to exclude workers on the basis of gender, generation and social origin from access to favourable positions within informal wage bargaining. Needless to say this process was deeply subversive of class solidarity among industrial workers, though neither did it allow the state to enforce its authority on the shop floor <sup>76</sup>.

## **Conclusion**

This examination of the attempts of the Stalinist regimes in post-war Hungary to discipline labour by binding industrial workers to economic plans through individualised systems of remuneration underpinned by a specific "politics of time" demonstrates that such policies were strikingly unsuccessful. Instead the major





determinant of work rhythms appears to have been the operation of the "shortage economy" itself. Despite of this mismatch between state-led intervention and the actual operation of the economy, the institutions that the state used, that is the wage system, to ensure that "time" acted as a stick in order to raise productivity, remained in place. As a result these attempts became the base for a struggle, largely informal, on the shop floor as workers attempted to find ways to reconcile the time embodied in the wage system with the "rhythm" of the shortage economy as a means of boosting their earnings.

This discussion of wage determination and factory regimes in the context of early Socialist Hungary has three important implications for how Stalinism is studied, both generally and in its East-Central European context. The first and most important implication is that the analysis presented here suggests that approaches which stress the dominance of the state in socialist society have misread reality. This article argues for the primacy of the realm of the material over the intentions of the political, given the way in which the intentions of state rationalisers foundered on the reality of the shortage economy. Though this economy was undoubtedly the consequence of state action it is difficult to maintain that its perverse functioning was an intended goal of this intervention. These "rhythms" caused state-led rationalisation to founder at a shop floor level. The focus on the material, as opposed to the political dimensions of the Stalinist order, also points out how a repressive state was able to prevent the tensions this failure created assuming a "formal" nature. The struggles on the shop floor around remuneration were not public, but informal. What is more bargaining tended to accept the rules of the game on the shop floor; it was often about bargaining over the right to maximise earnings from scarce work, rather than protest about the scarcity







of work itself.

This point feeds through into the second major implication of the analysis presented here. In opposition to the traditional view of Stalinism as collectivist and monolithic, this article has shown how state policy could, at least in the realm of the economy, seek to individualise social actors. This process of individualisation occurred at the level of policy, in the way that the economic plan was designed to be broken down to the individual producer, at the level of institutions, through the wage system or labour competition, and to some extent at the level of social response. The actions of the state in the realm of production undermined social solidarity. This outcome was reinforced by the operation of the shortage economy and worker responses to it, which heightened fragmentation of the industrial workforce, undercut the appeal of social solidarity, and provided the material base for the particularisation of worker identity.

The third implication of the analysis presented here is more historical, and applies explicitly to Stalinism in its East-Central European, and more particularly its Hungarian context. It has been widely assumed that during the 1960s and 1970s a monolithic Stalinism gave way to a more liberal, less despotic regime which allowed greater room for an autonomous social action. The emergence of a tolerated informal economic sector and greater economic freedom have been attributed to this wave of reform, something, which it is commonly argued, affected the system changes in the region in 1989-90. In some accounts informal co-operation between workers and managers within the context of “hegemonic” factory regimes, to use Michael Burawoy’s term, was a product of reform. The account presented here suggests that such institutions emerged under high Stalinism itself, and were due not to reform from





above, but the need to survive at local level in the face of an environment of endemic shortage. This points to a need to re-examine the history of post-war East-Central Europe in a new light, in a way which would use the perspectives of social history and pay close attention to the material world in which individuals both produced and consumed. Such a re-examination would question many assumptions about the nature of state socialism and re-cast our understanding of the relationship between Stalinism, post-Stalinism and the events of 1989-90.

