

The Scrantonian Worldview Gazing East

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This comment attempts, first and foremost, to place Phil Scranton's article within the overall trajectory of his career as a writer and historian. A common theme of that career has been complicating—or, as this comment puts it, “mucking up”—existing historical narratives. Finally, this comment suggests that Scranton's role as complicator sometimes gives too little guidance for how his thoughts connect to existing literature, and it puts forward some possible avenues for future exploration that spring from Scranton's examination of communist enterprise.

There is a scene in *Basquiat*, a 1996 film about the revolutionary graffiti artist Jean-Michel Basquiat, that nicely captures the spirit of what I will call the Scrantonian Worldview: Andy Warhol (played by David Bowie) and Basquiat (Jeffrey Wright) are hanging out in a studio making art together. Warhol is using stencils to print nearly perfect copies of corporate logos on a wall—in this case, the Amoco torch and Mobil Pegasus logos. Then it is Basquiat's turn. “What are you doing? You're painting out everything I do!” Warhol drones as Basquiat covers those crisp logos with squiggles, with wordplay, and with witty addendums—for instance, making Mobil's Pegasus breathe fire. The overall effect is cacophony, a riot of imagery that complicates the picture and forces the viewer to wonder what he or she is even looking at. Basquiat looks at his work and declares it is good. “Yeah, it's better,” he says. Warhol walks up to the wall, stares at it, and marvels, “You really think so? I can't even tell what's good anymore.”¹

I do not want to belabor any analogy where I say that Andy Warhol is kind of like the business historian Alfred Chandler, but Chandler

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1. Schnabel, *Basquiat*.

did make crisp images, not of corporate logos but of corporations themselves, and for the last nearly forty years, Phil Scranton has been taking that pretty picture and *mucking it up*.² Today, I would like to describe how this new article, “Managing Communist Enterprises,” extends and builds on Scranton’s larger project, the Scrantonian Worldview. In general, if I would like to see anything more in his article, it is a bit more reflection on its mission and insights. Scranton has suggested that it may be too soon for answers, but I do not think it is too soon for hints. In fact, I think there are plenty of hints in this article, and it would be good to draw them out, as well as to say more explicitly what it is his article has to say about the practice of history. Because on that level—the level of practice—I think his article is almost a manifesto that leaves mostly unsaid what exactly it is doing.

Before I go into the article itself, I would like to say a bit more about this thing I am calling the Scrantonian Worldview. Recently, I have been thinking that the Scrantonian Worldview shares a great deal in common with the later philosophy of Ludwig Wittgenstein, and I think we can gain some insight by reflecting on their commonalities for a moment. This might sound odd or silly, but stick with me for a minute. By the early twentieth century, analytic philosophers, like Bertrand Russell, had not only decided that language was the center of philosophy but also were trying to put forward universal theories or pictures of how language worked. Indeed, as a young man, Wittgenstein may have put forward one of these universal pictures himself in the *Tractatus-Logico Philosophicus*.³ As he grew older, though, Wittgenstein came to believe that such attempts to create a single, universal picture were doomed to failure. Wittgenstein came to believe something Scranton also believes, I think: that we humans have a hankering for generalities to which we are not entitled. Wittgenstein called it the “craving for generality.” He asserted that we reach certain *illusory* generalities by setting aside or ignoring some examples and privileging others. He filled his posthumously published book, *Philosophical Investigations*, with examples. In contradistinction to the quest for a universal theory of language, Wittgenstein asserted that language was made up of a bunch of different kinds of activities, each of which had their own logic. He argues that we get at these different activities not by grand theorizing from above but from examining our everyday or ordinary ways as lived within them. He describes these different language activities as “the suburbs of our language.” He writes, “Our language can be seen as an ancient city: a maze of little streets and squares, of old and

2. Chandler, *Visible Hand*.

3. Wittgenstein, *Tractatus logico-philosophicus*.

new houses, and of houses with additions from various periods; and this surrounded by a multitude of new boroughs with straight regular streets and uniform houses.” Wittgenstein thought that no overarching theory could explain this city of words. He famously calls these various suburbs of language “language-games.”⁴

Now, I think we can get a lot of mileage in understanding the Scrantonian Worldview if we just take the preceding paragraph, and wherever we see the word “language,” we replace it with the word “enterprise.” By about 1980, Scranton was deep in his early research on textiles and the Chandlerian research paradigm was on the rise. As Scranton has told me in conversation, when he read what Chandler had to say about textiles in *Visible Hand*, he was incensed: the book was full of illusory generalities that could only be reached by being too far from the sources.

In their 2013 book, *Reimagining Business History*, Scranton and his coauthor Patrick Fridenson warn business historians away from our craving for generality. In their list of potential traps for business historians, they include the desire for “Searching for a New Dominant Paradigm” to replace the waning Chandlerian one. Instead of searching for a new grand theory, Scranton and Fridenson give us the advice to “embrace diversity.” They write, “Our alternative is to encourage work toward recognizing and researching diversities that lie in everyday business life and hence its history.”⁵

Moreover, throughout his career, Scranton has pushed back against dominant paradigms and the craving for too easy generality by examining examples that dominant paradigms chose to ignore as they privileged others, such as the large American firm. (There’s an oft-repeated joke that historians respond to every question with the standard answer, “It’s complicated.” Their rejoinder to existing explanations is, “It’s more complicated than that.” If something like this picture is right, than Phil Scranton is the quintessential historian’s historian: he is the complicator-in-chief.)

The list of Scranton’s unorthodox examples is *long*. It includes proprietary, family-owned firms rather than Chandlerian ones; it includes the *Endless Novelty* of specialized and batch production as opposed to mass production;⁶ it includes the business of projects, which make up a huge portion of the economy, but had gone basically unmentioned on by business historians; it includes managing technological uncertainty around the creation of jet engines, which tended to blow up or suck in their poor mechanics and which did not

4. Wittgenstein, *Philosophical Investigations*, 8.

5. Scranton and Fridenson, *Reimagining Business History*, 36.

6. Scranton, *Endless Novelty*.

develop smoothly as their makers and other historians had suggested; and it now includes managing communist enterprises.

Scranton believes that we have to explore each of these forms of human activity for their own merit. At best, he believes that we can create theories of local enterprise practices; what we might call “enterprise-games.” Importantly, Scranton believes enterprise-games have local logics, but again he emphasizes humility and appreciation for diversity rather than aiming for some general theory. In conversation, for instance, he has said that the Chandlerian model does work for some limited examples: chemical plants and refineries, for example, can scale-up and focus on throughput because they have stable demand structures. Other firms will always need basic chemical compounds and fuel. The specialized and batch production firms that Scranton examined in *Endless Novelty* did not have this luxury, however. Makers of artisanal ladies handbags, for example, had to constantly react to changing styles in ways that made it difficult to scale.

In *Reimagining Business History*, Scranton and Fridenson say that one of the traps that business historians fall into that leads them to reach false generalizations is— as the title of Chapter 9 puts it— “Taking the United States (or the West) as Normal and Normative.”⁷ They encouraged business historians to focus on places that fall well outside the normal geographical range of the field, and included a story about road construction and maintenance in sub-Saharan Africa as an example. Encouraged by colleagues, in effect, to follow their own advice, Scranton and Fridenson have now undertaken a multi-country study of management practices since World War II, including several noncapitalist nations, and including nations in Asia, Africa, and South America. Moreover, in “Managing Capitalist Enterprises,” Scranton not only challenges business historians to go further but also pushes against false generalizations reached in previous studies of these countries written by Westerners. As he notes, his question about management “is distinct from assessing how economies worked, well or fitfully. Shelves of studies have taken up the aggregate questions—often having to rely on dubious data—but few investigators have explored enterprise operations at the ground level.”⁸ Scranton encourages us to look down into the depths.

How does one do that? I think this question is important, and so far the answer is not spelled out in this article. I think it *should* be spelled out because Scranton is issuing a real challenge to our field.

7. Scranton and Fridenson, *Reimagining Business History*,

8. All remaining quotes from Scranton, *Managing Communist Enterprises*, in this issue.

What the article shows is that even if you do not have mastery of a given language, there are still sources out there, there are still ways for getting at stories. We have been trying to let ourselves off the hook when it comes to writing about the rest of the world, and Scranton demonstrates that the hook is still buried deep in our cheeks. So, some reflection on method—even a bit of autobiography of how Scranton found these sources—and what this method means for the field, is really important I think.

“Managing Communist Enterprises” is divided into three sections: the first examines enterprises in Poland, Hungary, and Czechoslovakia under Soviet Rule from 1945 to 1956; the second brief interlude examines “The Mid-1950s Crunch,” including Nikita Khrushchev’s famous “secret” speech (“On the Cult of Personality and Its Consequences”); the third and longest section then addresses how management in Poland, Hungary, and Czechoslovakia diverged from one another as they attempted to find their way in a post-Stalinist, increasingly mixed economic order.

Perhaps unsurprisingly, the first section on Soviet-style economics and management focuses on the plan, especially the multiyear plans that set rules and levels, targets and expectations for so many different aspects of economic activity, including “growth and output targets ... work rules, wage rates, bonuses (“premiums”) and sanctions, and most crucially, devised literally thousands of indices.” Here and elsewhere in the article, Scranton suggests that describing the enterprise-game requires us to learn about the system’s incentives. As he puts it, “fulfilling the plan” became “one key stimulus toward a communist version of ‘gaming the system.’” He recounts a delicious story of managers at a Czech light bulb plant overproducing 100-watt bulbs in order to meet a plan’s arbitrary and capricious goal to produce “one million watts in bulbs” in a year—leading to far too many 100-watt bulbs laying around and shortages in other types.

Incentives and structures in these enterprises were political in nature. The heads of factories were political appointees, and workers could be fired, banished, or executed for not keeping up. Interestingly, Scranton points out that the “real managers” of these enterprises were often “the heads of production engineering and the personnel department,” which leads us to ask—in such a politicized system—where is the knowledge located? (Another more cynical part of me asks how different this is from our own economic system, which tends to place various types of know-nothings in the upper echelons.) Moreover, Scranton makes clear that plans typically were not followed but rather stuck in a drawer, and that their only real or practical use-value was as an incentive used to prod on workers to achieve goals.

This system had its own logic, which Scranton describes as *accountability without authority*, with managers being on the hook for production quotas but powerless to meet them. Such a system clearly produces perverse results. Scranton raises several examples of fraud and particularly of misreporting.⁹ At times, the article—fueled by Scranton’s taste for twisted and perverse tales—fulfills our fantasies about life under communism. I kept finding myself thinking, “Yeah, well, that is what Stalinism will get you.” However, Scranton also always has another side to these stories: while the system may have been perverse, in many ways it also worked. Communist enterprises got an enormous amount done. It highlights the diversity of ways of doing things, rather than aggrandizing our own.

If I have one overarching question of this first section, it is how far Scranton wants to push uniformity of experiences between in Poland, Hungary, and Czechoslovakia. The third section so highlights the divergences between these places that it begins to seem from the first section as though Soviet-style economic standardization, around planning, say, really did lead to something like a shared experience. Is that right? How far do we want to go here?

In these comments, I would like to skip over the interlude in Scranton’s article to focus on the long third section: I think it is here that the Scrantonian Worldview comes into full effect. The first goal of this section seems to be to demonstrate just *how complex the world is*, and then how different logics, rules, incentives, and local social and material conditions led to different enterprise-games in these three nations. These differences highlight issues that are important in business history. This third section *abounds* with stories, and, again, Scranton seems to have little interest in systematizing these insights or showing how they speak to the literature. Here, I will pull out five themes that provide interesting fodder for business historians.

First, in the first subsection on Czechoslovakia, Scranton nicely displays how past technological choices shape needs and practices. The overarching context was Czechoslovakia’s poverty. In the 1960, huge amounts of its productive capacities degraded with no hope of replacing the machines. For example, a 1964 survey of shoe factories estimated that 40 percent of their machines would need to be scrapped by 1970. These material conditions had consequences for work and practice. Because the Czech’s relied on old and worn out production equipment in their factories, more and more of their work

9. We see a similar dynamic at play in contemporary China, for instance, around the mining of coal: official Chinese policy limits coal mining, but most China energy watchers believe that extraction exceeds the official numbers. Local books are cooked to ensure the official estimate falls in line.

time had to go into maintenance. Here he has a mind-boggling quote: “Because of frequent breakdowns in manufacturing facilities, ‘maintenance alone claims 300,000 of the not quite 1.9 million workers employed in industry.’” Local material logics dictated that more and more effort would be dedicated to simply keeping things going.

Second, the Czechoslovakia case also contains interesting thoughts on incentives for risk-taking and even entrepreneurship. Scranton writes “for the most part” managers in Czechoslovakia “fought reforms that would add to their risks and responsibilities.” Some sectors were particularly well known for strategic inertia. Scranton notes that “construction operators continued to overbill, ‘lose track’ of materials, and manipulate the system.” However, these practices were not universal. At the other extreme, managers in the metal-working, machinery, and electronics industries accepted “reforms that increased their autonomy” and, thus, their risks and responsibilities. “The result,” writes Scranton, “was world-class product lines, sustained innovation, and effective export ventures.” This last point—export—seems to be a crucial factor differentiating industries, like electronics, where leaders embraced responsibility, from others, like construction, where leaders avoided it. Construction neither faced threats on the international market, nor generated revenues for this poor country. Regardless, Scranton’s many stories invite us to ask where in these noncapitalist nations we see entrepreneurial action, where do we not, and why.

Third, many of Scranton’s stories also beckon us to reflect on the informal economy and black and gray markets. In Poland, for instance, work outside the official economy was one factor that led to high absenteeism, which averaged as high as 25 percent in some industries. In rural spaces, some workers owned private farms and took off days to manage them. More surprising, in cities, laborers skipped their official jobs to complete more lucrative repair work on homes, appliances, and vehicles, often using “mass pilferage of raw materials” from their places of employment. Again, the official economy—including a lack of newly produced technologies—created incentives for enterprise, some of which fell outside the bounds of recognized activity.

Fourth, Scranton’s account of Hungary includes reflections on management schools in that nation. The story begs for deeper treatment by future scholars. The Hungarian programs were impressive. In 1967, 270,000 party members went through two- to four-week management training sessions. Scranton emphasizes that we should explore “regional histories” of these educational programs, and he describes the work 100 specialists did to develop management case studies applicable to the Hungarian context. Nevertheless, he also

quotes an executive from Hungary's rubber industry who blamed the limits—perhaps even failure—of these management education programs on Western “management science,” which the executive saw as “yet very underdeveloped.” In telling a global history of enterprise, we should also be aware of such transnational connections: how theories, such as “management science,” practices, and sometimes even people traveled between places, including between capitalist and communist economies.

Fifth, Scranton's article allows us to reflect on the question of what markets are. Scranton begins his article with a beautiful epigraph from Reszo Nyers, “Those who state that we have resuscitated ... the mechanisms of the market, introducing them into socialism by stealth, are wrong. The market, buying and selling, and money have always existed in a socialist economy. But [in 1950] their existence did not meet the needs of the situation.” What we do not have a great picture of yet—perhaps this will have to wait for the larger project: How do the mechanisms of the market develop, including through monetary and fiscal policy? What does it mean that the mechanisms of the market did not meet the needs of the situation? What would it mean to have enough of a market? Is this just about breaking up the monopoly power Nyers mentions? Probably not, because market mechanisms also often help with the coordination and accounting issues that so frequently arise in this article. Doing this kind of comparative work enables us to examine what we are talking about when we talk about markets.

Phil Scranton is not a systematizer, and in this article especially he is centrally interested in unveiling messiness and contingency. In telling these tales, though, he gives a survey of how much historical research is left to be done.

I would like to end by returning to the beginning of my comments where I cast Scranton as a Wittgensteinian graffiti artist. I would like to thank Scranton once again for pushing us forward with “Managing Communist Enterprises,” but more importantly, I would like to thank him for the larger, life-long project that this article fits into and for the Scrantonian Worldview.

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