Author's Rejoinder to Comments on Managing Communist Enterprises: Poland, Hungary and Czechoslovakia, 1945–1970

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This text is the author's reply to reactions to "Managing Communist Enterprises" from three colleagues, Lee Vinsel, Natalya Vinokurova, and Pál Germuska. It includes reflections on his work process in researching capitalist and noncapitalist firms and sectors and the practical and theoretical bases for that work. In the course of replying to particular suggestions and critiques, the rejoinder also offers some considerations about the current and future course of business history as a discipline.

When leaders fell out of favour in communist countries, it was necessary for them to appear in public and admit to having made grave errors. The errors always had to be grave, as I recall. This was the word used to describe them. I had approved of this process. It showed there were rules, a way in which things should be done, that you could not willy-nilly impose improvisations of your own. I liked those rules. Principles needed to be set out clearly, with no deviation. (Feliks Zhukovski, a fictional Polish Communist)[1]

At the outset, I want to thank Lee Vinsel, Natalya Vinokurova, and Pál Germuska for their thoughtful responses to "Managing Communist Enterprises: Poland, Hungary, and Czechoslovakia, 1945–1970," as well as Andrew Popp for selecting these accomplished scholars as commentators. Given their generosity, I will keep my rejoinder relatively brief. Three points Lee Vinsel made deserve special attention:

1. Powell, *Breaking of Eggs*, 295.

(1) I have not outlined what historians studying capitalist organizations can learn from communist firms; (2) some reflection on methods and sources would be helpful; and (3) I have shown "little interest in systematizing these insights or showing how they speak to the literature." Yes, I offered the "what can we learn" question in managing communist enterprises (MCEs) opening arc, but deflected answering it largely because, on the basis of my research-in-progress, any response seemed to be at best preliminary, if not premature. Two years have passed since the article's first draft, so several somewhat more "mature" considerations may be warranted. First and most obviously, despite their sharply different contexts and incentive structures, communist managers struggled with challenges fully comparable to those Western executives faced. They were routinely vulnerable to being overruled or sacked, regularly found themselves overwhelmed by arbitrary rules, and too often discovered that their training ill-prepared them for decision making and accountability. Some, like Feliks, embraced the bureaucratic thorns and hid among them; others like CKD's Jaroslav Kolář improvised their way around stifling controls in pursuit of innovation. Resonance with capitalist practice is evident, as are wide variations in managerial aptitude and performance, materializing despite communist and capitalist enterprises being responsible to polar masters: the Market versus the Plan; the Board versus the Party; the shareholders versus the state. Further, remembering that socialist enterprise represented a situated experiment in organizational development also may help business historians to recover and reassess the experiments embedded in capitalist management's history, viewing its course not as the incremental perfection of strategy and structure but rather as serial, recursive responses to shifting circumstances and decaying routines, sometimes evasive and sometimes brilliantly imaginative.[2]

As for methods and sources, I generally commence a project with a ground-level question (in this case, "How did communist enterprises work?"), and build the layered patterns and trajectories of a response by digesting sources that document practices, institutions, conflicts, and failure and/or learning. The encounter with sources fragments the initial question into bite-size units ("How were managers trained?"; "How could one bend the rules?") located *in* time and shifting *over* time. Some queries lie untouched when sources rest silent; others expand unbidden. Only after immersion in sources do I chase literatures that may address issues I am zeroing in on; however, initial questions do arise from silences I have detected in published work or from omissions that seem puzzling (as, for example, realizing

2. See Raff and Scranton, *Emergence of Routines.*

thirty-five years ago that Philadelphia's massive textile industry had been overlooked in building the standard narrative of New England cotton corporations and, later, Southern competitors).

Regarding the principal sources for this study: they were a semiaccidental discovery through a line of descent from my jet propulsion research. Over a decade ago, in marshalling declassified sources about Cold War engineering design, I found through an Internet search the Defense Technical Information Center's (DTIC) website, which proved invaluable. When beginning to scan for materials on communist enterprises, I returned to DTIC, whose search engine summoned up a series of documents labeled JPRS Report No. NNNN. Opening these, and following leads in Google Scholar, I learned that "JPRS" was the Cold War-era Joint Publications Research Service (1957–1995), nominally part of the Department of Commerce, but serving the Departments of State and Defense, the CIA, and major research universities and institutes.[3] Entering JPRS into the Rutgers Library System's search function led to an online database holding roughly 1.7 million digitized public documents (speeches, journal and newspaper articles, technical reports, etc.), translated from fifty languages and organized by publication series (e.g., Eastern European Heavy Industries). Further online searching brought up the Open Society Archives (OSA), in Budapest and, too late for this article, another 900,000 declassified Central Intelligence Agency files, first made available at the Agency's Electronic Reading Room in January 2017. Now, back to method: I reviewed tens of thousands of the JPRS and OSA files (1950–1990), working through each series, then printing out about 25,000 pages on Central European enterprises for reading and annotation. These documents provided hundreds of leads to contemporaneous actors and researchers, some of whose articles and books appeared in English (e.g., economists Ota Šik and Janos Kornai); these I also downloaded or acquired and reviewed.[4] (Being retired is a big help to sustaining one's focus.)

Of course, there is another crucial, methodology-related issue: I speak or read none of the relevant languages. Is that not crippling? Two responses beckon. Truly, I am heavily reliant on translations of

3. JPRS Reports seem to have been sent routinely to about twenty-five major private and public university libraries. As they totaled over a quarter million pages annually, it is not surprising that few of the hard copy reports survive in library holdings. Policy scholars and advisers used the reports widely in the 1960s and 1970s, but they seem to have been infrequently consulted in the last quarter century. Newsbank's unveiling of a nearly complete online searchable archive came only in 2012.

4. Yes, I used many boxes of printer paper and ordered printer cartridges by the dozen. Thank goodness for eBay. I also purchased several hundred scholarly volumes discarded by academic libraries and repurposed by Better World Books.

documents selected by others for possible use by third parties. I can neither judge whether their rendering into English was of high quality, nor can I access materials rejected as irrelevant from the original Polish, Czechoslovak, or Hungarian journals. This selection bias works in my favor, however, as over a thirty-five-year span, administrators and professional translators (2,000 of them at the peak) resolutely gathered specific materials deemed germane to U.S. foreign policy decision making and reworked them into readable English. Historians know that all documentary bases are already situated and selective; everything we use is partial and previously interpreted. This archive's strengths are its synoptic coverage and its enormous scale and depth; there is clearly much more material in the original journals, and so on, but JPRS selections focused on policy relevance and were extensively read and cited.[5] The second response is simpler: "What, me worry?"[6] To my knowledge, no Western scholar has yet undertaken to probe communist enterprise practices using documents in all three languages, though that surely would be welcome. In consequence, this effort is merely a boundary-crossing experiment in historical reconstruction. I certainly hope further work will follow, provoked by and superseding this article.[7] The alternative is to be risk-averse.

Lee Vinsel is certainly right that I have had little interest in "systematizing" my findings or in relating them to various scholarly literatures. His review of my research wanderings surely confirms this. Why not reach for larger claims and wider connections? On the first count, I admit deeply distrusting the uncritical use of the term "system," as if reductionist classifying and generalizing were practices that legitimized historical writing.[8] I concur with an assessment Michael Mann made thirty years ago:

5. The CIA and Defense Department referenced JPRS Reports and have reproduced them in their online collections.

6. With a tip of the hat to *Mad Magazine*'s Alfred E. Newman, a regular companion in my adolescent years.

7. One other hazard mentioned is the claim that communist sources are all propagandistic, vetted by state and/or Party censors, and thus unreliable. There are, however, no unpositioned documents in capitalist realms either, as information is filtered by corporate or state actors before reaching an ostensibly free press. This is where source criticism comes in, as does the experiential sensibility that arises from reading thousands of documents in search of evidence about managers, workers, and practices. As in earlier work on industry in the United States, I found technical and industry journals considerably more frank about errors and failures than the business press (or under communism, ministry reports).

8. This is perhaps distinct from writing about an electrical power system; even so, the venerable historian of technology, Thomas P. Hughes, had the good sense to title his three-nation comparative study of electrification, *Networks of Power*. It is remarkable how little historians have reflected on how we know we have encountered a system (e.g., What are the criteria of systematicity?), outside the realms of engineering and ecology.

> Societies … are not social systems (closed or open); they are not totalities. We can never find a single bounded society in geographical or social space. *Because there is no system*, no totality, there cannot be "sub-systems," "dimensions," or "levels" of such a totality. Because there is no whole, social relations cannot be reduced "ultimately," "in the last instance," to some systemic property of it—like the "mode of material production," or the "cultural" or "normative system," or the "form of military organization." Because there is no bounded totality, it is not helpful to divide social change or conflict into "endogenous" and "exogenous" varieties. Because there is no social system, there is no "evolutionary" process within it.[9]

To this point, a few lines on system from Adam Smith, writing critically of politics (and by extension, management or history) may reinforce my sense of conceptual wariness:

> The man of system … is apt to be very wise in his own conceit; and is often so enamoured with the supposed beauty of his own ideal plan of government, that he cannot suffer the smallest deviation from any part of it. He goes on to establish it completely and in all its parts, without any regard either to the great interests, or to the strong prejudices which may oppose it. He seems to imagine that he can arrange the different members of a great society with as much ease as the hand arranges the different pieces upon a chess–board. He does not consider that the [chess] pieces … have no other principle of motion besides that which the hand impresses upon them; but that, *in the great chess–board of human society, every single piece has a principle of motion of its own,* altogether different from that which the legislature might choose to impress upon it.[10]

Perhaps there is a way to systematize insights drawn from socialist business organization and practice that respects Smith's recognition of unnumbered "principle[s] of motion," but I have not yet encountered it. Thus what I do is to *deploy accounts*, organizing them for legibility, but without fitting them into interpretive frames designed elsewhere.

This last point also suggests why I do not position my work to "speak to the literature." The silences I start from remained because producers of "the literature" had other interests and priorities. My work can be fitted into their channels only by mangling it, as for decades my industrial studies have been categorized as treating

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9. Mann, *Sources of Social Power*, 1 (emphasis added). I am sure that somewhere in thirty-five years of publishing, I have used "system" in just the casual way I reject here. That was then; so it goes.

10. Smith, *Theory of Moral Sentiments*, 379 (emphasis added).

small- and mid-sized businesses, rather than as reconstructing practices of specialty production *at all scales*, as a response to highly differentiated demand. Had this core insight been appreciated, the well-documented dissolution of American mass demand in and after the 1960s might have been interpreted as a resurgence of specialty batch manufacturing, reconfigured through rapid-response global supply chains, with the rising power of retailers over makers anticipated.[11] Similarly, as I so often have used sources other researchers have bypassed to answer questions uninteresting to them, I have learned that most of "the literature" provides few benchmarks or guideposts for me, other than to delineate well-trodden ground, something indeed worth appreciating.

Natalya Vinokurova's meditation on terror as a management practice spins out brilliantly from elements in my article that concerned the problem of establishing order and responsibility in postwar communist enterprises. Clearly in Central Europe, treks from factory offices to prison camps peaked in late Stalinism and did not disappear after the Maximum Leader met his natural end. Nevertheless, the residual efficacy of terror surely overhung managers who schemed and cheated in order to "meet" in some acceptable way production demands that state planners had inscribed. Perhaps reconfigured into a cloud of arbitrary authority, terror's residual remained a constraint for decades on managerial initiative, autonomy, and risk-taking, but it also facilitated practices subversive and evasive, and at times innovatively defiant (as fears shrank from ontological to career-suicidal). In relation to the "opting out" option she cites as a self-preservation strategy, I am reminded of the great Ivan Klima novel, *Love and Garbage*, in which a banned Czech literary figure spends his midlife years gathering trash with a motley crew of shipwrecked street laborers (a former pilot; a sickly teen; and a perennially drunk, dismissed dockworker). There is nothing like nobility in their "low-paying menial job[s],"[12] but rather a comforting removal of both threat and promise from their environs. Sources such as I have mobilized for reconstructing enterprise practices tell us next to nothing about the inner lives of managers and workers in communist states, but literature does (or at least tries to).

Second, Vinokurova asks just the right question near the close of her comment: "What role did the fear of the state play in managerial decision making?" Business historians might well profit from relocating this inquiry into capitalist territories. Business historians could also open new lines of analysis by researching where and

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11. See Scranton, *Figured Tapestry*, Ch. 6.
12. Vinokurova, "State Terror as a Management Practice," this issue.

when investors, executives, and managers came to fear the state and devised practices to deflect its influence, hobble its power, or capture its regulatory and surveillance capabilities. Such inquiries have a long U.S. pedigree, running at least as far back as Howell Harris's remarkable *The Right to Manage* (1983) through to Kim Phillips Fein's more recent *Invisible Hands: The Businessmen's Crusade Against the New Deal* (2010). Surely corporate fear of the state was (and is) prevalent in Western European capitalisms and lies at the base of much neo-liberal policy building, pushing the transition from the postwar Tax State to the contemporary Debt State, as Wolfgang Streeck has documented.[13] Authoritarian capitalist states can practice versions of management by terror, certainly, though their targets have more often been workers and organizers than managers (think Central American private militias and death squads). In what business historians take to be more "advanced" industrial climates, workers, and increasingly, middle managers' experience pervasive dread, stem from stagnant incomes and shrinking prospects and manifested in hostility toward both executive suites and state actors and agencies. Here, recoding Vinokuova's axial question, business historians might ask of capitalism: "What role does dread play in career self-selection?" Or, "How does hostility to the state affect management decision-making?"

Last, Pál Germuska, who provides a critique of the periodization used in MCE, notes the absence of information on the first "destalinization years," 1953–1956, and expresses concerns about the sources of the sources translated either by JPRS or by the CIA-sponsored staff at Radio Free Europe (materials preserved in the OSA, in Budapest). In part, this resonates with Lee Vinsel's concern that my framing of the first period makes the three nations look too similar. There definitely was a post-Stalin policy shift in Hungary, but it is not clear to me that this translated rapidly into enterprise practices, or that a comparable dialing back of centralism occurred in both Poland and Czechoslovakia. As Germuska rightly asserts, further research will be needed to untangle such matters and some of this is already underway. On the "sources of sources" issue, I resist regarding state-sponsored publications as suitable only for "discourse analysis." Trade and technical publications had (and have) an interest in sharing accurate information, analyzing failures, and promoting effective use of human and material resources, even as they are embedded in political frameworks and debates. We may have to agree to disagree on this.

As a final note, during the two years between this text's composition and its publication (2016 to 2018), my research on communist enterprise has entered a new space and a new phase. The geographical

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13. Streeck, *Buying Time*.

focus has shifted to the People's Republic of China, from the Liberation to the Cultural Revolution, and the documentary base has expanded to include reams of declassified CIA assessments, reports, and bulletins, alongside thousands more JPRS reports, a few hundred more monographs and stacks of downloaded scholarly articles. This work has yielded a monograph-length manuscript that may address another silence: the vacancy in Chinese business history between the distinctive capitalisms of the Imperial–Republican eras and the decisive, market-friendly policy reforms installed by Deng Xiaoping's regime at the close of the 1970s. Under contract to Palgrave Macmillan, "Enterprise, Organization and Technology in China: A Socialist Experiment, 1950–1971" will be published late in 2019.

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