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## 7 The Technopolitical Lineage of State Planning in Hungary, 1930–1956

Martha Lampland

The battle to gain allies and control territory in the Cold War was orchestrated in large part by experts in economic development promising technological innovation to usher in a modern future. The epochal break symbolized by the Iron Curtain was rendered visible in geographic polarities of East and West, and ever-shifting lines on the outdated maps of formerly colonial hinterlands. The strategies and techniques experts deployed to promote economic development, however, did not follow the same geographical contours, with similarities crisscrossing political divides. Nor were the policies adopted novel approaches to economic progress, as the techniques and practices deployed were already well in use before the Cold War had begun. Unfortunately, studies of the transition to socialism in the early years of the Cold War, most notably in Eastern Europe, have been colored by the scholarship chronicling the rapid escalation of hostilities, overshadowing the continuities in expertise and statecraft in the region. This neglect has thwarted our ability to appreciate the specific dynamics of regime change in the late 1940s and the early 1950s, and led us to overlook valuable comparisons with developing economies in other parts of the world. In short, both the temporal and the geographical boundaries characterizing scholarship on the Eastern European socialist transition have been distorted, a problem I wish to remedy in small measure here.<sup>1</sup>

The transition to Stalinism in Hungary in the late 1940s has long been portrayed as a swift and radical economic about-face, ripping Central Europe from its capitalist moorings and consigning the region to the dark ideological irrationalities of the East. Well-schooled, tempered experts were sacrificed to political expediency; alien practices were foisted on a conquered people by imperialist forces. This depiction is inaccurate, fostered as much by the impossibility of primary research as by Cold War ideological struggles.<sup>2</sup> These constraints no longer hold. My approach, based on research in archives and interviews, broadens our perspective, situating the

early Cold War era of Eastern European economies in relation to the global history of developmental economics in the mid twentieth century.<sup>3</sup>

Studies of the socialist transition have not paid sufficient attention to the similarities between European states and states in other regions, most notably East Asia, during the 1930s and the 1940s. As Johnson has argued,<sup>4</sup> recent histories of market-driven developmental states in East Asia have ignored the early gestation of these states in state-directed state-managed growth, leading to a misunderstanding of the conditions under which thriving economies were initially created. Notable among these innovations was an economy of experts, a wide-reaching network of social scientists committed to a grand restructuring of states according to the principles of scientific management and business administration.<sup>5</sup> The promise of technological solutions to the intractable social problems of the 1920s and the 1930s appealed to a wide range of actors—from businessmen to politicians to bureaucrats—even though their specific explanations for social ills varied enormously. This explains how regimes with widely differing political aims could embrace similar state policies. Indeed, during this period planned economies were found in capitalist and socialist societies, in fascist and liberal regimes, and in colonial states as well as in sovereign states. Further investigation is required to discern how these developmental states differed—most notably, in this case, how a planned capitalist economy in Hungary was transformed into a socialist economy.<sup>6</sup>

My approach to the transition to socialism in Hungary is informed by Hecht's notion of "technopolitical rupture-talk," i.e., "the rhetorical invocation of technological inventions to declare the arrival of a new era or a new division in the world."<sup>7</sup> Hecht's analysis focuses on how the technology, the infrastructure, and the materiality of nuclear weapons were deployed to inaugurate a new geopolitical order that relied extensively on perpetuating colonial relations and sustaining pre-existing political networks. The intimate relationship between colonial resources and the technopolitical development necessary for joining the "nuclear club" had to be denied, since the ability to engineer nuclear weapons constituted the crucial political distinction between the developed and the not-developed countries. I would like to extend the notion of "technopolitical rupture-talk" to an analysis of the transition to socialism and of the early Cold War. The "originary" technology in this case is the socialist state, portrayed as a novel configuration in the postwar political economy of Eastern Europe. Missing from this history are the substantial constraints that social science theorizing and political practice of preceding decades exercised on the new regime, i.e., the technopolitical lineage of state planning. Ignoring the importance

of epistemology and disciplinary formations to economic policies and state formation in the twentieth century has had unfortunate consequences. Blinded by the technological rupture-talk of ideologues on both sides of the Cold War (and of their compatriots in the academy), we have overlooked two simple questions: How and to what degree was the postwar Hungarian economy altered in the transition to socialism? Who in fact fashioned policies in the early years of the socialist state, and why?

### Deprovincializing Planning

Strong state involvement in the economy was widespread between the two world wars. Sweden, Nazi Germany, and the United States shared many features of a state-led economy in the 1930s, having chosen a similar configuration of policy options to cope with economic distress.<sup>8</sup> Japan, Korea, and Taiwan also adopted strong interventionist policies during the 1930s, joining the ranks of countries struggling to prevent economic collapse.<sup>9</sup> The search for pragmatic solutions to the economic crisis was worldwide; economists and policy makers studied the different strategies governments attempted, rejected, and advocated.<sup>10</sup> Japanese rationalization demonstrated a particularly lively mix of influences.

Japan's specific conception of [industrial rationalization] originated as a poorly digested amalgam of then current American enthusiasm ("efficiency experts" and "time-and-motion studies"), concrete Japanese problems (particularly the fierce competition that existed among the large number of native firms and the consequent dumping of their products), and the influence of Soviet precedents such as the First Five Year Plan (1928-33) and the writings of the Hungarian economist and Soviet advisor Eugene Varga.<sup>11</sup>

Economic policy making and theoretical elaboration entailed more than simply reading up on government programs or debating the merits of new ideas, such as the fascist model or the pioneering work of Keynes. The pursuit of viable institutions led officials to study political programs in action. Japanese and Soviet officials traveled to Germany seeking advice and policy templates in the late 1920s, and Germans traveled to Detroit for inspiration.<sup>12</sup>

This focus on policy as problem-solving, however, tends to underestimate the degree to which theories of economic development in this era were seen as *scientific instruments*. This is significant, as it directly influences the specific character of rationality envisioned, i.e., relying on experts in economics and management sciences to modernize bureaucratic practices.

Advocates of the new field of administrative science drew inspiration from economic policies adopted during World War I, and from the rationalization movement within industry. Zoltán Magyary, a staunch advocate for administrative modernization in Hungary, praised Herbert Hoover's 1921 report "Waste in Industry" as the manifesto of the rationalization movement.<sup>13</sup> Such efforts were especially salient in Central Europe, where the death of imperial regimes and the birth of new states required the building of new administrative structures. Taking a page from Hoover's report, Magyary declared: "Our [state] administration may . . . be considered a large factory, the management of which bare 'empiria' or dilettantism is no longer sufficient."<sup>14</sup> The era of random and impulsive statecraft was over.

Despite the widespread interest in planning, it is important to underscore the variety of means by which states pursued a more ordered and vibrant economy. There was no clear consensus among its proponents about what rationalization actually entailed.<sup>15</sup> "Neither rationalization nor efficiency were clear and concise concepts. Indeed a large part of their popularity lay in their elasticity, in their ability to encompass so many phenomena achieved or desired."<sup>16</sup> In light of the diversity of application, Rabinbach goes so far as to say that productivism, "the common coin of European industrial management and of the pro-Taylorist technocratic movements across the European landscape between the wars," was "politically promiscuous."<sup>17</sup> Even though the left and the right espoused different values in scientific management (e.g., social harmony vs. factory autocracy<sup>18</sup>), both camps assumed that decisions were to be made by trained specialists and experts—technocrats and bureaucrats. Scientific remediation of social dislocation and of economic hardship rested upon basic principles of exclusive knowledge and omnipotent vision. The apparent neutrality of technique appeared to sever means from ends, obscuring the relations of authority and dominance achieved with these new policy tools. This politics, often termed managerialism, did not solicit public opinion or submit policies to processes of democratic review. In some versions of this approach, of course, parliamentary procedures or other interest-based means of adjudicating policy decisions were eliminated entirely as superfluous or intrusive.

### **The Technopolitical Lineage of State Planning in Hungary, 1920–1947**

During the 1920s and the 1930s, many Hungarian economists and policy makers promoted planning, discussing the variety of ways in which planning would enhance productivity and efficiency. They often pointed to policies they admired, most notably policies developed in Germany and

Italy.<sup>19</sup> Prominent social commentators—from both the right and the left—kept their eyes on events developing in Soviet Russia, expecting to learn valuable lessons from the grand experiment under way.<sup>20</sup> The enthusiasm for innovation in some quarters was met with intense skepticism by others, who questioned the motives of planning advocates. Example: “Today across the world large enterprises, large industrialists and wealthy landowners are enthusiastic for Soviet plans. . . . As long as they could earn [money], free competition was good; now that one must pay, then the public should pay for it. Planned economy is ‘the socialization of the losers.’”<sup>21</sup> Yet whatever position one took on the balance between markets and planning, there was strong agreement that experts in the new fields of economics and business sciences would have to be involved in decision making. This required a united front of economic specialists to break the legal profession’s monopoly on positions in government administration.

The Hungarian government’s policies toward the economy in the interwar period entailed extensive state participation, ranging from legal measures and regulations to direct control of nationally owned concerns. Intervention preceded the Depression, but the role of the state in protecting Hungarian businesses and the health of the economy overall increased between 1931 and 1938.<sup>22</sup> Enterprises were regularly bailed out by the state, aided by provisions in the bankruptcy law (1924. évi IV. t.c.), although the law had been intended to facilitate the demise of unprofitable enterprises.<sup>23</sup> Monopolies were given special consideration, becoming the focus of state assistance as of 1931.<sup>24</sup> The state set specific taxation policies, or engaged in the setting of prices (often with the collusion of particular cartels) to dampen competition. The state also invested heavily in a number of private concerns, although the ties were often difficult to discern from official statistics:

Firms established in Hungary before the First World War resisted liquidation, existing firms expanded, indeed, entirely new kinds of corporations started to appear, which appeared to be private businesses (e.g. joint stock company, cooperative) but which in fact represented a unique combination of state capital and state intervention. Therefore the development of hidden state capitalism intensified, with the state acquiring stakes in private enterprises, either in the form of the majority of shares, or actually the entire enterprise.<sup>25</sup>

As was true in many nations at the time, monetary policy stood at the center of state policy, specifically foreign exchange restrictions introduced at the beginning of the currency crisis in 1931, but maintained as “valuable tools for extricating themselves out of the crisis.”<sup>26</sup> Protectionist tariffs were

levied to protect industry.<sup>27</sup> Another crucial measure, directly tied to foreign exchange restrictions, was the introduction of premiums on exchange.<sup>28</sup> This placed the control of currency exchange directly in the hands of the National Bank.<sup>29</sup> In Hungary, long-brewing animosities between agricultural interests and financial and industrial interests played themselves out in struggles over the particular schedule of premiums, which had consequences for import and export policies.<sup>30</sup>

The role of monopolies in the economy grew in the 1930s. Approximately 60 percent of agricultural exports were handled by monopolies.<sup>31</sup> A number of crops were regulated by price as well as by trade. Ihrig provides a list of the crops under state regulation in 1935: "wheat, sugar beets, tobacco, linseed and flax, hemp, milk, firewood, wool, paprika, alcohol and potatoes. One must also consider that the price trends of wheat more or less influence the other grains, indeed seed for fodder as well. Thus in the area of crop production the zone which is managed is larger than that of production which is not."<sup>32</sup> Laws preventing the establishment of new firms eliminated competition, strengthening already existing monopolies.<sup>33</sup> The argument the Minister of Industry in 1935 made against new firms was simply "the danger of spreading limited capital too thin."<sup>34</sup> The law eventually passed initiated a quota (or *numerus clausus*), forcing cartelization within industry. This was considered necessary in the increasingly state-managed economy, as a 1935 article in the newspaper *Pesti Tőzsde* (*Stock Market of Budapest*) made all too clear: "There is no doubt that . . . promulgating the industrial *numerus clausus* represents a newer and forceful step toward a managed economy. . . . It is obvious that this condition is not a temporary world phenomenon, but an overture toward a newer chapter of the economy."<sup>35</sup> In the banking sphere, increased concentration was evident. By 1938, 72 percent of all capital stock was in the hands of eight of the largest banks.<sup>36</sup> All these measures supported the interests of finance capital, industry, and (to a lesser degree) large-scale agriculture. As such, they demonstrated the power and efficacy of state intervention in the economy, constituting positive evidence for those favoring greater state management.

The state also was actively engaged in labor policy, passing regulations on the length of the work day, setting minimum wages, and, by the war years, setting maximum wage levels. Throughout the interwar period, and during World War II, the state consistently acted to moderate extremes in the price of agricultural labor, either by reigning in workers' demands in times of labor scarcity by setting an upper limit or by forcing employers to pay a base minimum when the fortunes of workers had drastically worsened. The state also initiated public works projects in rural communities

facing substantial shortages in winter supplies.<sup>37</sup> Regulations issued by the Ministry of Agriculture in 1926, in 1928, and in 1930 stipulated more carefully the exact role of national and county authorities in supervising the movement and the contractual obligations of labor. Advocates of a better-managed economy lamented the shortcomings of these agencies, most notably their inadequate methods of gathering information. During the war, Béla Reitzer complained that the consistent absence of proper numerical data impeded "the continuation of planned labor market policy."<sup>38</sup>

State intervention increased substantially with the introduction of what came to be known as the Győr Program of 1938. Following Germany's lead in ignoring the ban on militarization set by the Treaty of Versailles, revisionists keen to enhance Hungary's power and reputation in the region began to call for serious plans to prepare for war in 1937. Elements of the military began to lobby the government to invest in the armed forces. Designed to assist rearmament, the Győr Program required substantial investments in heavy industry, in transportation, and in telecommunications. The larger percentage of revenues (600 million Pengő) raised to finance the plan were to come from a one-time property tax. This was levied on private individuals and enterprises with assets exceeding 50,000 Pengő. "In the country there were 28,569 private individuals and legal entities who were required to pay 5–14 percent of their wealth in a one time property tax as an investment subsidy, to be paid in 5 yearly installments."<sup>39</sup> The other 400 million would come from banks and large enterprises. Rather than draw on existing stores of capital, however, both wealthy individuals and enterprises turned to the National Bank for credit. In June of 1938, the basic charter of the National Bank was modified to permit it to extend more credit to the state by issuing unsecured banknotes. The potentially inflationary consequences of issuing money were not apparent in the first two years of the plan, during which the state placed orders of nearly 200 million Pengő with industry, of which 70–75 percent was ordered from the iron, metals, machine, and electronics industries.<sup>40</sup> The proportion of national income devoted to military expenses would grow exponentially. Pressures to monetize the national debt were exacerbated by Germany's indebtedness to Hungary throughout the war, a result of its policy of maintaining a balance of trade (an exchange clearing account system) rather than paying for goods outright; the debt grew from 326 million Pengő in 1941 to 2,918 million Pengő in 1944.<sup>41</sup> Germany's role in the Hungarian economy grew at the end of the 1930s. Approximately 50 percent of Hungary's exports ended up in Germany, while German capital interests held 12 percent of Hungarian industrial shares.<sup>42</sup> At the same time, thousands of Hungarian workers

were employed in Germany. The number of agrarian migrant workers alone reached nearly 45,000 between 1937 and 1943, the peak years being 1938 and 1939.<sup>43</sup>

In Hungary, as elsewhere, World War II played a significant role in furthering state intervention in economic affairs.

Beyond the direct equipping and provisioning of the army, [state intervention] spread to every area of economic life. The state became the largest consumer of industrial production, and it became necessary for the state to intervene in questions of production, such as establishing enterprises, the supply of raw materials and energy, regulating prices, the credit system, and the supply of labor power.<sup>44</sup>

By 1941, the state had officially declared a fully planned economy (*tervgazdálkodás*). This affected citizens as well as industries. Problems of provisioning sparked the introduction of measures to ensure that supplies would make their way to soldiers. Local inspections by police were initiated to ensure that sufficient stores of wheat would be made available for bread. By the summer of 1942, guards were stationed at threshing machines “to determine the producers’ surplus.”<sup>45</sup> This procedure was replaced by the Jurcsek plan, which taxed produce on the basis of the productive capacity of the land.

In the last year of the war, extensive damage was wrought as the Germans’ rearguard action against the Russians moved across Hungarian soil. Budapest was under siege for 102 days.<sup>46</sup> The ability of the state to regulate affairs diminished radically; the machinations of encroaching powers, and their proxies, were virtually impossible to prevent. “All in all, 40% of Hungary’s national wealth was destroyed: 90% of the industrial plants were damaged, 40% of the rail network and 70% of the rolling stock were lost.”<sup>47</sup> At the end of the war, approximately 10 percent of Hungary’s population had died in battle—as soldiers or as citizens—or, in the case of nearly half a million Jews, had been slaughtered on the streets or sent to Auschwitz.<sup>48</sup> Moreover, nearly a million able-bodied men were incarcerated as prisoners of war, which deprived the country of much-needed manpower for the postwar recovery. In one year, Hungary’s economy experienced the worst monetary inflation in history. In the last five months of 1945, the average daily increases in prices were 2 percent, 4 percent, 18 percent, 15 percent, and 6 percent. In the first seven months of 1946, the average daily increase skyrocketed. From the middle of June 1946 to the end of July, the average daily increase went from 8,504 percent to 158,486 percent.<sup>49</sup>

Plans for postwar reconstruction were being discussed in a variety of quarters as early as 1943. Unfortunately, Hungarian experts who had

experienced the economic and social cataclysm that had followed World War I could anticipate the kinds of difficulties they now faced. "The greatest trouble was caused by disorganization and lack of co-ordination. . . . We have two tasks after the war: right away after the war in the first and second year to ensure a peaceful transition to a peace economy, and to prepare productive work in subsequent years on the basis of a comprehensive plan."<sup>50</sup> It is not surprising, then, that in 1947, on the eve of the Third Year Plan, leading figures in the industrial sector spoke earnestly about planning in the language of necessity—moral as well as historical. Example:

If the state recognizes the rights of its citizens to life, then it must help them so that they can live. Whether one likes it or not, agrees or not with our design—theoretically, politically, economically, morally or philosophically—the conditions force us to have a target and planned economy. *The road ordained by economic and social necessity is the one we must travel.*<sup>51</sup>

While concerns about the relative balance between state intervention and individual initiative still hung in the air, few questioned the need for state management. Funding of the 1947 plan rested on hopes that internal economic resources would be sufficient, and that Hungary would not have to apply for foreign credit (although that possibility was contemplated). The financial reserves designated for the plan were to come primarily from the state, various public institutions, Hungarian-Soviet joint ventures, cooperative enterprises, and private capital.<sup>52</sup> Nearly 85 percent of these funds were to be raised with various taxes, including a one-time levy on property and a one-time levy on the increase of wealth due to profits acquired from the war and inflation. It was also expected that, in addition to issuing plan bonds to make use of the population's savings, the surplus from state-owned factories would contribute to the pot.<sup>53</sup> Expectations of a rapid increase in production nationwide and a willingness on the part of villagers to replenish their livestock herds and finance their own building costs would ensure the plan's success.<sup>54</sup> In the cautious optimism of the times, modifications in the plan appeared feasible. "No question but the investment portion in the Three Year Plan constitutes the greatest burden on the Hungarian economy. It is reassuring that, if necessary, the investment program can be reduced without substantially having to change the production plan."<sup>55</sup>

After the war, the dominance of foreign interests—once German, now Soviet—continued. In 1944, Germans dismantled factories in Hungary and shipped them west; as of 1945, Russians were shipping manufacturing assets east. Pillaging and looting accounted for some of the loss of economic assets after the cessation of fighting, but war reparations—paid in

kind as well as in cash—were a greater encumbrance on Hungary's industrial base. In addition to shipping existing equipment eastward, Hungarians were also required to manufacture machines and equipment to Soviet specification.<sup>56</sup> As part of the peace treaty, assets formerly owned by Germans were appropriated by the Soviets. Once-active markets for Hungarian goods in Italy and Germany were now trained eastward, strengthening in trade the already substantial interests the Soviets had in the Hungarian economy. After the signing of a treaty for economic cooperation on September 23, 1945, Soviet officials established a number of joint ventures with Hungarians. Clearly, by 1947 the Soviet Union—as shareholder, factory owner, landlord, and occupying army—controlled significant assets in the Hungarian economy.

The process of rebuilding the economy after the war intensified an already strongly centralized and managed economy bequeathed by the previous regime. Ironically, the demands for reparations increased the Hungarian state's participation in the economy. Before the stabilization of Hungarian currency in August 1946, all of the productive capacity of the five most important industrial concerns was devoted to manufacturing to fulfill the conditions of reparations, dropping to only 60 percent as of September.<sup>57</sup> With time, what had been oversight of production by the state became outright ownership. The five most important heavy industry factories were nationalized, much to the dismay of their owners. The state's encroachment on heavy industry grew.

At the end of 1946 roughly 150 thousand workers, or about 43.2% of the employees in manufacturing and mining, were working in state firms. Among them 75,000 worked in the five largest factories taken over by the state. The state role prevailing in energy, raw and basic materials exercised a significant influence over every branch of industry, indeed the entire economy of the country.<sup>58</sup>

The state now held a significant portion of the assets of the Hungarian economy. Finally, banks were nationalized in 1947, transferring capital into the state's hands. Another important milestone in state control of the economy was reached.

Following demands raised by the Communists during the 1947 elections, the Council of Ministers . . . , and the parliament . . . ratified the nationalization of Hungarian owned shares of big banks and banks in which it had financial interests, as well as industrial and commercial concerns. The jurisdiction of the measure indicates that before the war nationalized big banks kept 72% of the capital of all the banks under their control, and more than three-fifths of industrial capital stock, and in 1947 they had properties equivalent to this.<sup>59</sup>

So, as Petó and Szakács explain, “nationalizations in March (1948) did not represent a basic change with respect to substantial growth in the role of the state in the economy, but rather created the conditions for the transformation of the institutional system, and a change in the relationship between the state and enterprises.”<sup>60</sup>

As the Cold War intensified in 1947 and 1948, the vision of the Three-Year Plan once supported by the Communist Party was abandoned. Having swallowed the Social Democratic Party, and having forced significant political enemies into exile, the Communist Party could now redirect its efforts to jump start the economy from a more extensively state-led, state controlled industrial base, while turning its back on promises to guarantee private property. The Marshall Plan was rejected, and in February of 1948 new agreements with the Soviet Union were signed. The once-bright vision of a rejuvenated economy founded on investing in modern productive technologies was traded for an emphasis on increasing brute quantities. “Instead of reconstruction, there was only renovation, which displaced potential renewal. Therefore instead of introducing the quick technical and technological changes achieved during the war—of which only a small amount was perceptible in Hungary—they generally restored the earlier, obsolete equipment.”<sup>61</sup> The rush to the finish made it possible for the new party/state to declare a glorious and shortened end to the Three-Year Plan. Not surprisingly, a larger proportion of investments were made in industry than initially planned, leaving rural communities to bear the lion’s share of the costs and burdens of reconstruction.

The typical picture of the transition to Stalinism in Hungary has been one of the thoroughgoing imposition of a Soviet-style planned economy. “[T]he Procrustean imposition of Stalin’s version of proletarian dictatorship resulted in a radical transformation of the entire political, social, and economic system.”<sup>62</sup> This view ignores state economic planning during the capitalist period, the growth of state intervention in the economy during the war years, and the Three-Year Plan ratified by the Hungarian Parliament in 1947. Kornai’s depiction comes closer to capturing the moment:

The economy that emerged [after the war] was a curiously mixed one, with a “regular” capitalist sector on the one hand and socialist elements on the other. A steady process of nationalization took place. Land reform was carried out on a large scale. This period came to an end around 1948–49 with the amalgamation of the Communist and Social Democratic parties and the elimination of the multiparty system. From then on, construction of a socialist system began with full force, starting straight away with classical socialism.<sup>63</sup>

Kornai's appellation "classical socialism" is an analytic term suited to his systematic approach to economic forms, but tells us little about the particulars of the transitional process. Though no doubt the final goal of the Communist Party was to facilitate the transition to a socialist economy modeled on that of the Soviet Union, it is a very different matter to represent the transitional process as an economic about-face. Viewed in a comparative framework, Hungarian industrialization was much closer to that of developmental states such as Korea and Taiwan than to the Soviet Union.

### Economic Expertise

A mixed economy of capitalist and socialist elements was not the only foundation on which to build socialism; economic theories propounded in the interwar period were also ready to hand for the new party/state. Academic economists and government officials active in policy making during the war brought a familiarity with state planning, in practice as well as theory. The standard tale of Stalinist transformation in Hungary is one of Russian experts and Muscovite communists<sup>64</sup> building the new institutions of the Marxist-Leninist state. There is no question that the Communist Party worked hard to exert its influence over many institutions within the state as early as 1945. Political domination, however, did not necessarily translate into the wholesale rejection of capitalist knowledge or expertise.

Many features of economic policy were shared by the new disciples of Marxism-Leninism and the so-called bourgeois economists, not least because they shared an allegiance to rationalization and scientific management.<sup>65</sup> A strong compatibility existed between the anti-market principles of Marxism-Leninism and the vision of a well-managed planned economy business economists advocated at the time. Marxist-Leninists were committed to the progressive improvement of society, sharing the utopian dreams of bourgeois economists, and using many of the same techniques to achieve those goals. Bourgeois economists at the time also supported policies that based policy on privileged knowledge and expertise. In other words, bourgeois economists' vision of a modern economy—the importance of economies of scale, modernized forms of work organization and mechanization, and carefully designed wage structures—was fully compatible with the goals promoted by the new regime. Economic growth was seen to issue from the proper institutionalization of these factors, as much as from extensive investment in infrastructure, physical stock, and education. Of course, bourgeois economists did not necessarily embrace a one-party state, welcome democratic centralism, or easily relinquish private property,

but they certainly were far more sympathetic to expertise-driven policy regulation than to parliamentary adjudication.

Just how the party/state would treat bourgeois experts was an open question. A strong anti-intellectual bias characterized Communist Party workers; suspicions also plagued some new bureaucrats that advisors schooled in the capitalist era were unreliable. There were others, however, who valued expertise in statecraft and economic development, and who were willing to overlook the pedigree of knowledgeable persons. Two countervailing forces were at odds: paving the way for a new elite, loyal to the party/state and versed in Marxism-Leninism, and the keen need for qualified staff to implement party/state policies. The actual process of balancing party allegiance with valuable expertise was a continual problem. This battle was fought over and over again at all levels of government: within ministries, between agencies, and across departments. The clash of these tendencies made the fate of experts unpredictable. Some experts were marginalized, sequestered off in minor jobs, or even imprisoned, while others found themselves promoted up the ranks. The fate of specialists ebbed and waned with the fortunes of hardliners and reformers within the government. The consequence of this often capricious turn of affairs was not only a loss of qualified personnel to jail cells, the usual story told about the Stalinist era, but also the continued presence of a number of seasoned economists and government officials from the previous regime. In fact, the construction of new socialist institutions was carried out by a large number of people whose expertise was firmly grounded in the capitalist era.

Sweeping aside a crucial number of department heads, especially those with a committed political and social conservatism, laid the way for the Communist Party to staff ministries with its own appointees. Some officials were purged from government agencies in early de-Nazification projects (the so-called B listings of 1946), and with time even more were let go as government agencies and educational institutions were reorganized. Yet public pronouncements proudly declaring reactionary bureaucrats had been removed clashed with private deliberations at the highest levels of the party acknowledging the need for expertise. In a meeting of the Central Committee's Agricultural and Cooperative Department held in August 1949, this policy was explicit: "Since we have such a deficit of agricultural specialists, our principle in relation to dismissal should be only to discharge direct adversaries. In the case of experts one must examine whether they are honest, whether they work well, and whether or not they oppose the Party line."<sup>66</sup> Freshly minted university graduates were brought in to head departments, but their lack of experience, coupled with an understandable

respect for expertise, led them to rely heavily on more seasoned bureaucrats. Although high-level managers recruited from the working class may have been less sympathetic to specialists in their midst, that did not necessarily translate into obstructionism, since the manager's position relied at least in part on results. No doubt it pained the experts to have to be subordinated to less qualified superiors, but that is not a condition peculiar to socialist bureaucracy.<sup>67</sup> A 1954 chart listing the qualifications of higher echelons of management personnel in the Ministry of Agriculture shows the pattern of senior officials coming from the ranks of proletariat comrades, while lower down on the bureaucratic hierarchy, well-qualified officials remained in place (table 7.1). At the Ministry of Agriculture, this included officials trained in business science and manorial state management, not just the more traditional branches of animal husbandry and crop breeding. As the table illustrates, it was also more common for credentialed officials to have joined leftist parties later than their superiors, and in several cases they had not joined at all. In other words, much of the hands-on policy work—drafting regulations, recording information, tracking administrative debates, overseeing policy implementation in the countryside—was conducted by civil servants who had been trained and worked in agrarian economics and management long before the Communist Party took over.

Academics and researchers were also subjected to extensive review by the Communist Party, and many formerly respected scholars lost their teaching posts or research positions.<sup>68</sup> Recurring campaigns were waged against idealism (i.e., Western genetics) in biology, and against the aberrations of social science. A report reviewing the personnel office of the Agricultural Experimental Center issued on August 22, 1950 identified serious problems:

The majority of researchers in the field of scientific work in agriculture are petit-bourgeois intellectuals, a significant percentage of whom are older (especially the independent researchers), whose family connections and previous milieu hampers their development. This is apparent equally in their work, behavior, and continuing education of both a specialist and political character. They stick to their old familiar methods, don't recognize the results and observations of Soviet agricultural science, or use this to support their own views. When considering their results they base them on Western results, and that shows that they are satisfied with their work.<sup>69</sup>

Replacing problematic intellectuals with scientists pursuing the new revolutionary avant-garde was not a straightforward affair. Old habits of respect on the part of staff in research centers blinded them to the dangers in their ranks, leading them to be less vigilant in background checks than party officials would have liked. "They don't recognize enemies who are enshrouded in the haze of expertise."<sup>70</sup> Moreover, judging the sincerity of

**Table 7.1**

Information on leading and mid-level cadres in the Ministry of Agriculture, May 14, 1954. Source: MDP-MSZMP 278 f., 74. csop., 31. ö.e., pp. 4–7. MKP: Hungarian Communist Party (Magyar Kommunista Párt), 1944–1948. MDP: Hungarian Workers' Party (Magyar Dolgozók Pártja), 1948–1956. SzDP: Social Democratic Party (Szociáldemokrata Párt), 1944–1948; as of 1948 allied with MDP.

	Age	Original occupation	Party membership, year joined	Professional or vocational training	School	Communist Party school attendance
<b>Leading cadres</b>						
Ministerial deputy director	30	Agriculturalist	52 MDP	Stock breeder	Postgraduate studies at Agricultural college	2 years in correspondence school
Ministerial deputy	40	Worker	45 MKP	Auto mechanic	3 years middle school	1 year
Ministerial deputy	38	Worker	43 SzDP, 45 MKP	Construction worker		1 year
Ministerial deputy	43	Worker	45 MKP	Steel pourer	Agricultural college correspondence	1 year
Ministerial deputy	32	Gardener	46 MKP	Gardener	2 years gardening courses	1 year
Ministerial deputy	34	Mechanical engineer	44 MKP	Mechanical engineer	Polytechnical university	1 year
Director general	45	Upholsterer	28 MKP	Upholsterer	Commercial high school	
Director general	36	Teacher	46 SzDP	Teacher at agricultural school	Agricultural university	2 years
<b>Mid-level cadres</b>						
Assistant under-secretary	38	Worker	36 MKP	Licensed farmer	Agricultural college	—
Chief of department	40	Lawyer	45 SzDP	Lawyer	University of Law	—
Chief of department	28	Locksmith	45 MDP	Locksmith	6 years elementary school	1 year

**Table 7.1**  
(continued)

	Age	Original occupation	Party membership, year joined	Professional or vocational training	School	Communist Party school attendance
Chief of department	42	Industrial worker	45 MKP	Industrial worker	6 years elementary school	5 months
Chief of department	30	Civil servant	46 SzDP	Economist	Economics university	—
Assistant under-secretary	37	Blacksmith-locksmit	36 MKP	Blacksmith-locksmit	6 years elementary school	1 year
Chief financial officer	34	Industrial worker	45 MKP	Tool and die maker	4 years middle school	—
Department head	40	Civil servant	45 MKP	Practiced farmer	Law school	—
Department head	28	Agronomist	51 MDP	Agrarian economist	Agricultural university	—
Director	41	Plant breeder	46 SzDP	Licensed farmer	Agricultural university	—
Vice-director	53	Estate steward	48 MKP	Licensed farmer	Agricultural college	—
Director	48	Stock breeder inspector	47 MKP	Stock breeder	2 years vocational school	—
Director	34	Veterinarian	—	Veterinarian	Polytechnical university	—
Director	53	Agricultural inspector	—	Licensed farmer	Agricultural college	—
Director	50	Agrarian worker	45 MKP	Agrarian worker	4 years elementary school	3 months
Director	37	Veterinarian	45 SzDP	Veterinarian	Agricultural university	—
Director	31	Poultry breeder	45 SzDP	Poultry breeder	3 years vocational school	3 months
Vice-director	69	Teacher	—	Veterinarian	Agricultural university	—
Vice-director	53	Teacher	—	Licensed agriculturalist	Agricultural university	—
Vice-director	32	Agronomist	45 MKP	Licensed agriculturalist	Agricultural university	—

**Table 7.1**  
(continued)

	Age	Original occupation	Party membership, year joined	Professional or vocational training	School	Communist Party school attendance
delegate director	52	Agrarian inspector	—	Licensed agriculturalist	Economics university	—
Director	30	Civil servant	50 MDP	Licensed farmer	Agricultural college	—
Director	40	Teacher	—	Licensed gardener	Horticultural college	—
delegate director	51	Estate steward	—	Licensed farmer	Agricultural college	—
Director	42	Agricultural worker	45 MKP	Agricultural worker	6 years elementary school	5 months
Department head	41	Civil servant	48 MKP	Accountant	Commercial high school degree	—
Director	35	Forestry engineer	47 SzDP	Licensed forestry engineer	Polytechnical university	—
Director	30	Agriculturalist	46 MKP	Licensed agriculturalist	Agricultural high school certificate	1 year
Director	63	Civil servant	19 MKP	machine technician	High school graduation certificate	—
Director	32	Gardening inspector	51 MDP	Licensed gardener	Horticultural college	—
Vice-director	32	Agonomist	45 MKP	Licensed agriculturalist	Agricultural university	3 months
Vice-director	41	Mechanical engineer	45 MKP	Licensed mechanical engineer	Polytechnical university	—
Director	27	Engineer	—	Licensed mechanical engineer	Polytechnical university	—
Department head	34	Agricultural worker	45 MKP	Agricultural worker	7 years elementary school	6 months
Vice-director	39	Estate steward	—	Licensed farmer	Agricultural university	—
Vice-director	39	Estate steward	—	Licensed farmer	Agricultural university	—
Director	41	Estate steward	42 MKP	Licensed farmer	Agricultural university	—

**Table 7.1**  
(continued)

	Age	Original occupation	Party membership, year joined	Professional or vocational training	School	Communist Party school attendance
Director	42	Estate steward	51 MDP	Licensed farmer	Agricultural university	—
Director	37	Agrarian teacher	—	Licensed farmer	Agricultural college	—
Director	48	Estate steward	—	Licensed farmer	Economics university	—
Director	34	Estate steward	45 MKP	Licensed farmer	Agricultural high school certificate	—
Director	44	Agricultural worker	39 SzDP	Agricultural worker	6 years elementary school	—
Director	43	Estate steward	—	Licensed farmer	Agricultural college	—
Director	34	Agonomist	46 MKP	Licensed farmer	Agricultural university	—
Director	30	Estate steward	45 SzDP	Licensed farmer	2 years vocational school	—
Director	56	Industrial worker	15 SzDP	Industrial worker	5 years elementary school	5 months
Director	32	Gardener	51 MDP	Gardener	Horticultural high school	—
Director	27	Gardener	52 MDP	Licensed gardener	Agricultural university	—
Vice-director	32	Forestry engineer	45 MKP	Forestry engineer	Polytechnical university	—
Director	38	Forestry engineer	48 MKP	Forestry engineer	Polytechnical university	—
Director	42	Cabinet maker	31 MKP	Cabinet maker	4 years high school	—
Director	42	Cabinet maker	45 MKP	Cabinet maker	6 years elementary school	1 year
Director	36	Forester	46 MKP	Forester	4 years high school	—

epistemological conversions was a gamble, as specialists became good at quoting the right passages from the enshrined literature, all the while holding on to their old ideas.<sup>71</sup>

The intense efforts the party/state devoted to creating a new scientific ethos of Marxism-Leninism are well documented in Péteri's fascinating history of the Hungarian Economics Research Institute (Magyar Gazdaságtudató Intézet, or MGI) between 1947 and 1956.<sup>72</sup> His account situates the transition in a world of new Stalinist epistemologies, where positivism was ridiculed as a pseudoscience and "glorifying facts" as the "pathological symptom" of its "methodological dead end."<sup>73</sup> A thorough analysis of the institute's struggles within larger battles taking place across the party hierarchy demonstrates how specific political agendas dictated institutional reforms. Péteri also illustrates how these efforts floundered, defeated by simple problems of staffing and expertise.

Established in 1927 by the Budapest Chambers of Commerce and Industry to adapt the new insights of the study of business cycles to Hungary, MGI rose to a prominent position as the most respected site for the study of economics in the country. "To this day their studies in monetary policy, investigations of the Hungarian national income, analysis of industrial investment and capital accumulation, examination of all sorts of economic problems in Hungarian agriculture, as well as periodical economic reports are important sources of data and ideas for research in economic history."<sup>74</sup> MGI was both a research institute keeping current with contemporary economic theorizing and a valued but always independent partner in the creation of national policy. After the war, the institute sustained its autonomy from political control, even when several members were appointed to high level positions in the coalition government. The ability of the institute to fulfill its mandate was increasingly circumscribed, however, when previously available data were withdrawn. MGI was dismantled in August 1949, to be replaced with the Institute for Economic Science (Közgazdaság-tudományi Intézet, or KTI). As a result of vetting former members for their party affiliation, Péteri calculates that approximately 30 of the 34 researchers employed at the institute were let go.<sup>75</sup> Only two of the researchers were members of the Communist Party; most were not allied with any party whatsoever, which constituted a major sin in the eyes of the party/state, drawing charges of passivity and indolence.<sup>76</sup> After all, in the world of "socialist science" one could never be detached from the party/state and the working class.<sup>77</sup>

In its haste to revolutionize economics, the party/state had neglected to train personnel, a problem that was never solved during the entire history

of KTI (1949–1953). KTI never found a full-time director, and was permanently understaffed. Very few economists in Hungary were well versed in Marxist-Leninist political economy. Those who were occupied leading positions in the Communist Party, in state administration, or in party education. Training a new generation of Marxist-Leninist economists fell to the university, but that presented its own problems, as those teaching the courses were not luminaries in the field.<sup>78</sup> This forced the institute to offer its own courses. As Péteri wryly notes about the students selected to work at the KTI from the graduating class in 1950, “the poor professional training of the staff is attested to by the fact that for the first half year of the KTI a course on the political economy of capitalism was organized for the institute’s members.”<sup>79</sup> Moreover, classroom materials were inadequate or nonexistent. In 1947, Imre Nagy had to appeal to Jenö (Eugene) Varga in Moscow to provide him with foreign-language editions of Soviet political economy textbooks, preferably in German, French, or English. Péter Erdős, one of the temporarily assigned co-directors of the institute, complained in 1951 that he could not find people qualified to do independent research; the coming generation was going to require many years of experience before reaching that status.<sup>80</sup> Indeed, not until 1955 could István Friss, a committed Marxist-Leninist, make this declaration: “The fact is . . . that for the first time organized Marxist economic research is being conducted in our country, which portends well.”<sup>81</sup> The consequences of not having properly trained experts extended beyond staffing research institutes. In 1955 a report was issued by the Academy of Sciences criticizing the quality of economics training for upper-level cadres and calling for reform in higher education. Economists trained in capitalism were the mainstay of government bureaucracies.

Implementing a proletarian dictatorship, the ensuing changes in the Hungarian people’s economy and the building of socialism has created a great demand for economics cadres with strong professional preparation in the basics of Marxism-Leninism. This need has appeared in every branch of the people’s economy. There has been a particularly strong need for economist cadres in higher government agencies—the National Planning Office, the Central Statistical Office, economic departments—which in the beginning, in the absence of a new economic intelligentsia, were forced to work almost exclusively with old experts.<sup>82</sup>

### Science and Sovereignty, or the Question of Imperialism

In the course of several decades, Hungary fell under two different spheres of influence, into the orbits of two different imperialist powers: Germany

and the Soviet Union. Germany had long exercised influence over Hungarian intellectual trends and political affairs; Soviet domination was new. Reorienting one's intellectual compass and political allegiances would not be easy, even if the broad contours of economic modernization were agreed upon by both parties. To this point, I have been arguing that the scientific pedigree of business administration guaranteed its neutrality, abetted its "political promiscuity." Of course, the neutrality of technique was illusory. Scientific management enshrined hierarchies of privilege, justifying new standards of inequality in the name of science. Accommodating different political ambitions and a new set of moral priorities—refashioning technopolitical practices—was a tall order.

Countries in the Soviet Bloc have long been portrayed as lackeys or reluctant puppets of Soviet politics, instantiating Lenin's analysis of imperialism and its consequences. Unfortunately, this simplistic representation does little justice to the complex dynamics the transition to Soviet-era rule entailed. Since the opening of archives in Russia and Eastern Europe in the early 1990s, we have more resources with which to rethink our perspective on Soviet control of Eastern European regimes. Few doubt the ability of occupying army to limit political debates and narrowing accepted political solutions (a point also relevant to the western zones occupied by English, American, and French armies). Everything else is under renewed scrutiny, most notably Stalin's postwar plans, the United States' "behind the scenes" actions toward the region, and the balance of power between Soviet and Eastern European regimes.<sup>83</sup> Documents from the Hungarian party/state reveal that the relationship with the Soviets was more complicated and often less congenial than was publicly acknowledged at the time. Interviews conducted with economists and former civil servants about their experiences in decision making and bureaucratic procedures during the early 1950s underscore the impression found in written documents about the strains in Soviet-Hungarian relations.<sup>84</sup> Party officials did their best to please or placate the Russians, yet how that sensibility (whether founded on pragmatic political ambition or on sincere hope for social transformation) translated into policy is a different matter altogether.

In the present volume we have an excellent example of this new scholarship for a later moment in the Cold War: Sonja Schmid's analysis of atomic energy and technology transfer. Schmid is able to demonstrate convincingly that Eastern European states exercised significant influence over the specific character of technological transfer, and moreover, that countries in the region took substantially different paths toward securing atomic energy. Her analysis is a fine critique of technological determinism, but she

also undermines the determinism implicit in the “Communist party/state monolith” notion which has been characteristic of much past work on the Soviet Union and Eastern European regimes. With party and government archives at our disposal, we are able to open up the black box of Marxist-Leninist party/states. Battles over ideology, policy, and practice within the party and across government can now be fully documented. The particular role of expertise—in all its complex diversity—can also be better accounted for, providing, as Schmid illustrates, a very different picture of politics and decision making.

During the 1950s, the superiority of the Soviet model was taught in Hungarian universities and party schools, and continuously parroted on the radio. Comments in the documents I read repeatedly described the difficulties of making these policies work in Hungary. The Soviets were keenly aware of the contrast between public pronouncements and private actions, and they were never shy in conveying their displeasure. In a 1948 memo addressed to the Foreign Relations Department of the Soviet Communist Party, Korotkevics and Zavolzsszkij complained about the tendency of Hungarian Communists to prefer their own interests over those of the Soviet Union:

In public Rákosi, Farkas and Révai emphasize the importance of the friendship between the Hungarian Republic and the Soviet Union. They speak highly of the historical mission of the Soviet state and of the role of Comrade Stalin. In the course of everyday affairs, however, the majority of the leadership of the Hungarian Communist Party—presumably so that they not be seen as the agents of Moscow—ignore and keep quiet about the Soviet Union, and at the same time attempt to demonstrate behavior appearing to be indifferent to the Soviet Union.<sup>85</sup>

Soviet leaders found the same hesitation in the principles concerning agriculture in the Hungarian Communist Party’s political platform written in 1947–48. The worries Hungarians felt about collectivization were shared in many capitals of the Eastern Bloc, where party leaders were trying to figure out how the Soviet experience with collectivization would travel. As the showdown between Yugoslavia and the Soviet Union was coming to a head in 1948, Soviet officials made it very clear that they would no longer tolerate Eastern European regimes experimenting with alternative paths to socialism<sup>86</sup>:

The statement of the party platform properly emphasizes that it follows the ideology of Marxism-Leninism. It deploys and develops the teachings of Marx, Engels, Lenin and Stalin further, but in addition it stipulates “in compliance with Hungarian conditions.” . . . This stipulation—on the pretext of accommodating Hungarian conditions—legalizes the opportunistic revision of Marxism-Leninism.<sup>87</sup>

Soviet advisors were also free with their advice on the inadequacies of teaching and research being conducted in Hungary. Visiting Soviet delegations made their criticisms known. Research institutes were poorly managed, requiring closer supervision to provide the ministry with analysis based on a thorough review of the Soviet and Hungarian literature directly related to the planning process.<sup>88</sup> The Soviets found the separation of abstract thinking from practical experience especially worrying. The Business Economics Department at the Agrarian University came under serious criticism for the totally abstract nature of lectures, and the absence of any analysis of the practical experience of progressive farms in the curriculum.<sup>89</sup>

Hungarian officials actively solicited the aid of their Soviet colleagues, inviting them for shorter or longer stays as their assistance warranted. Soviet advisors walked the halls of universities and ministries, dispensing advice in policy deliberations as liberally as in the classroom. In 1951, the need to consult reams of Soviet research and government documentation was deemed to require the People's Economic Council to establish a separate bureau dedicated to translating texts, though that bureau's efforts were handicapped by the paucity of qualified translators.

All the efforts to retool research, teaching, and policy development came to naught, however, when the Soviets' vision of collective production proved difficult to implement.<sup>90</sup> Eighty percent of Hungarian farmers refused to turn their land over to the state and join cooperatives, even when intense pressures were brought to bear: high taxes and requisition orders, imprisonment for minor infractions, and dwindling resources to sustain families on their own land. Cooperative farms faced enormous challenges working land with insufficient tools and draft power. Hundreds of thousands of hectares were left fallow, abandoned by villagers who preferred to seek their fortunes in industry. Government offices at the local level were inundated with a flood of regulations. Consistently understaffed, they were poorly equipped to respond to higher authorities' demands. Party committees in villages were rarely effective, if they existed at all. Party agitators roamed the countryside, but their often halfhearted efforts bore little fruit. Bureaucrats in Budapest also found themselves chafing at the expectations Soviets had of their work. As one agrarian economist, who as a recent university graduate in 1952 had been named head of the Department of Labor Relations at the Ministry of Agriculture recalled, "We struggled with the Soviet advisors mercilessly because their primitive conditions shocked us. They wanted us to adopt their advice entirely. . . . We debated a lot . . . we tried to prevail. Occasionally we were able to get our way, sometimes not."<sup>91</sup> In some cases, the value of a Soviet perspective was unclear. One expert

who worked at the Ministry of State Farms reminisced about a meeting he attended in which the Soviet advisor seemed completely uninformed about the issues being discussed. When the Hungarians asked their Russian comrade a question, he flipped through the pages of a book in front of him. Exasperated by having to wait for an answer each and every time, the expert finally turned to Hegedüs, who was chairing the meeting, and asked pointedly whether they couldn't just send the Soviet advisor home and translate the book for themselves. His disrespectful comment got him sent from the room, but that was the end of his punishment. The really smart Soviet advisors, I was told, quickly put together a package of policy proposals, then spent the rest of their time in Hungary fishing.

These anecdotes paint a picture of a working relationship fraught with disagreements, misunderstandings, and frustrations—in other words, the everyday struggles of a bureaucracy developing new policies. They took place, however, under severe material constraints. In the first few years of the socialist party/state, the economy deteriorated rapidly. Stepping back from disaster in 1953, the new regime sanctioned by Moscow attempted to rectify conditions by liberalizing agricultural policy and reining in the errant secret police apparatus. The subsequent battles within the party over reform policies fostered confusion in the government, and frustrations among the populace escalated. Accommodations made in the past were no longer forthcoming from Moscow. The Soviet invasion in 1956—what Béla Király has called the first war between socialist states—demonstrated the ends to which Soviets would go to assert their control.

## Conclusion

This has been a story about the shifting fortunes of experts, bureaucrats, and businessmen. The history of planning economies in the mid twentieth century has been analyzed within the framework of emerging disciplines—economics, administrative science, and scientific engineering. It is a story about attempts to transform national bureaucracies from the domain of civil lawyers to the property of university-trained economists and engineers. As such, it recounts the emergence of a new “economy of expertise” that transforms economies and state bureaucracies. The value of particular forms of knowledge and specific kinds of authorities are constituted through appeals to objective techniques of scientific investigation and certainty, promising innovative solutions to pressing problems. While the political goals of these policies had changed from rejuvenating a cap-

italist economy to building a socialist polity, the means by which these goals were to be reached were virtually identical.

In the course of our discussions, our research group came to categorize this and several others papers as contributing to a view of “Long Cold War,” i.e., revealing significant features of political and economic practice that preceded the Cold War but had important influence on its early development. I have used the notion of planning as technopolitics, and recounted its interwar history in Hungary, in order to undermine the idea of the socialist state as an originary institution constituting a rupture in Central European economic history we date to the beginnings of the Cold War. In itself, this is an important analytic move, as it forces us to examine more carefully the ways that states were built and economies engineered in a period usually broken in the middle, unnecessarily. The misreading of Soviet imperialism in the course of the transition to socialism also has to be discarded, since new archival materials and the fresh perspective offered by postcolonial theories make it possible to think more rigorously about how power is exercised and with what effects. In the context of the other papers in this volume, we are able to draw the history of economic modernization in Eastern Europe into dialog with the history of development economics and political modernization in other regions of the world. The historiography of Eastern European socialism, especially in its earlier phases, has rarely looked farther afield. By treating Eastern Europe outside the histories of economic development projects and anti-imperialist struggles of the 1950s—by neglecting the analytic insights of postcolonial theory and science studies—we do an injustice to the lived experiences of those caught up in the battles of the Cold War.

In past histories, the ends of state policies—entrenched capitalist interests versus a new politics of redistribution—obscured the ways particular elites established their authority and ensured their positions through appeals to scientific certainty, objectivity, and universal truth. In both contexts, the role of a wider community of citizens contributing to managing the society, and in particular to deciding how wealth would be shared, was rejected. In the end, the utopia envisioned, and so frequently heralded by work scientists on both sides of the Cold War divide, had little room for those outside the economy of experts.

## Notes

1. The broader project on which this article builds is a study of scientific management, productivity, and wages in the agricultural sector of the Hungarian economy

(1920–1956). This explains the frequent references to publications focusing on agriculture. Agricultural work science and scientific management are not well known in the literature on rationalization and modernization in the twentieth century, even though these fields were actively pursued across the globe.

2. This misconception has far greater consequences than a mere historical oversight. This image of radical institutional transformation has implicitly, if not explicitly, informed the discussions and policies of the post-1989 transition to post-socialism. Unfortunately, this view has contributed to policy designs which have fostered pernicious social inequalities—the concentration of wealth and widespread impoverishment of the region—and serious problems with political corruption. Many observers assure us that life is improving in Eastern Europe, but the important question, as always, is “For whom? And why for some, and not others?”

3. See, in this volume, Mehos; van Oosterhout.

4. Johnson 1982.

5. I am indebted to David W. Cohen for the notion of an economy of experts.

6. This insight also pertains to the relationship between modernizing economies in Europe and in the colonies, be they in Africa, Southeast Asia, or the Middle East. See, e.g., Cooper 2005; Maat 2001; Mehos, this volume; Mitchell 2002; van Oosterhout, this volume.

7. Hecht 2003: 1–18.

8. Gourevitch 1986.

9. Amsden 1989; Garon 1987; Gorden 1985; Johnson 1982; Wade 1990.

10. Bendix 1956; Guillén 1994; Maier 1975; Merkle 1980.

11. Johnson 1982.

12. Johnson 1982; Shearer 1996; Nolan 1994. The value of personally examining scientific evidence, and the difficulty of reproducing scientific results without hands-on experience, is an important theme in Science Studies. For the classic formulation of this problem, see Collins 1974. See also Bockman 2002: 310–352.

13. Magyary 1930: 2.

14. *Ibid.*: 3.

15. Daniel Ritschell points out that recent historical scholarship on debates over economic policy and planning in Britain are distinctly Whiggish, exaggerating the similarity among plans over time, and reducing them to variations on Keynesianism. Ritschell 1997.

16. Nolan 1994: 6.

17. Rabinbach 1990: 272.
18. Maier 1975: 583.
19. Bereznai 1943; Lovász 1942: 41–44; Magyary 1930; Reitzer 1941: 996–1013.
20. Kovács 1940; Nagy 1941; Rézler 1940.
21. Badics 1934: 153–167.
22. Bojkó 1997: 138.
23. Bojkó 1997: 8.
24. Berend 1958.
25. Bojkó 1997: 10.
26. Berend 1958: 26.
27. Berend 1958: 8.
28. Berend 1958: 29.
29. Berend 1958.
30. Berend 1958: 30.
31. Berend 1958: 108, 54.
32. Ihrig 1935: 131. Ihrig goes on to note that in comparison to the United States, England, Holland, and Germany, Hungarian agricultural production was far less regulated.
33. Berend 1958: 109.
34. Berend 1958.
35. Berend 1958: 109–110.
36. Berend 1958: 112.
37. Berend 1958: 28; see also Steuer 1938: 601–611.
38. Reitzer 1941: 996–997.
39. Berend 1958: 300.
40. Berend 1958: 301.
41. Siklos 1991: 51.
42. Siklos 1991: 292.
43. Lencsés 1982: 177.
44. Bereznai 1943: 7.

45. Matolcsy 1943: 18.
46. Ungváry 1998: 9.
47. Borhi 2004: 53–54.
48. Borhi 2004: 54.
49. Pető 1985: 61.
50. Bárányos 1944: 6.
51. Tonelli 1947b, p. 193.
52. Tonelli 1947a, p. 184.
53. Tonelli 1947a.
54. Tonelli 1947a: 178–179.
55. Tonelli 1947a:178.
56. Borhi 2004: 146.
57. Pető 1985: 79.
58. Pető 1985: 81.
59. Pető 1985: 95.
60. Pető 1985: 99.
61. Pető 1985: 122.
62. Kovrig 1979: 236.
63. Kornai 1992: 30.
64. “Muscovite communists” were those Hungarian Communist Party members who spent extensive periods of time in the Soviet Union.
65. It is easy to ridicule claims of scientificity for the kind of historical materialism practiced by Marxist-Leninist states, but this should not blind us to the centrality of scientific aspirations in policy making.
66. Magyar Országos Levéltár (MOL), Magyar Dolgozók Pártja Mezőgazdasági és Szövetkezeti Osztály 276 f., 85/31 ő.e., p. 4–5; 1949.aug.1.
67. I am fairly confident that my conclusions about bureaucratic continuity are well founded, even though they are based solely on the history of the Ministry of Agriculture. Far more empirical research work is required to investigate the history of other ministries in Hungary, in particular those devoted to education and culture, where party ideology may have played a larger role. Yet insofar as the Communist Party considered the Ministry of Agriculture the most intransigent and the most

politically conservative institution within the government, it provides us with a useful case study of bureaucratic elites and the dynamics of the transition.

68. Péteri has written an excellent account of the complex disciplinary and party politics involved in the transformation of the Hungarian Academy of Sciences from an essentially honorific body before 1945 into a Soviet-like ministry of science (in Péteri 1991: 281–299). For a comparative history of the academic transitions in three socialist states, see Connelly 2000.

69. MOL MDP 276 f., 93/348 ő.e.: 89, 90.

70. *Ibid.*: 92.

71. *Ibid.* 85/55 ő.e., p. 7; 1950.júl.10.

72. Péteri 1998: 185–201.

73. Péteri 1998: 190.

74. Péteri 1998: 191–192.

75. Péteri 1998: 196. As Péteri points out, precisely at the time when the economy was undergoing a grand transformation, highly skilled statisticians and sophisticated economists were excluded from the playing field of national policy.

76. Péteri 1998.

77. Péteri 1998: 189.

78. Péteri 1998: 200.

79. Péteri 1998: 199.

80. Péteri 1998: 200.

81. Magyar Tudományos Akadémia Levéltár, II. osztály (Közgazdaságtudomány), 183. doboz, 6. dosszié, p. 4.

82. *Ibid.*, 2. dosszié, p. 1.

83. For examples of archivally grounded post-Cold War research, see Borhi; Roman 1996; Harrison 2003; Stone 1996.

84. I wish to acknowledge that during interviews, informants may have exaggerated their bravado or emphasized how clever the Hungarian nation was in the face of foreign control. Even taking that into consideration, the number of comments supporting the view that Soviets were far less influential than has been assumed, and the empirical evidence from Soviet sources reinforcing this view, give me confidence that the overall tone of the memories is accurate.

85. Korotkevics and Sz. Zavolzsckij, “A Magyar Kommunista Párt vezetésének nacionalista hibáiról és a Magyar Kommunista sajtóban érvényesülő burzsoá befolyásról” (Standeisky et al.: 205–208).

86. Rainer 1996: 393.
87. Izsák 1994: 267.
88. MOL XIX-K-1-ah 4. doboz, N/204, 1952.
89. Ibid., 10. doboz, N/4; 1952, jan.3.
90. Collectivization was only achieved in the late 1950s, after 1956, and under intensified pressure from the Soviets and Chinese.
91. Mrs. György Lonti, interview by author, June 18, 1997.