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The Csepel Automobile Factory in the planned economy system
(1949–1953)

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Budapest, 2015
I. TARGETED TASKS AND TOPIC SELECTION

The aim of the dissertation was to provide a micro-level analysis of the operational processes of planned economy. I have chosen Csepel Automobile Factory because the disorders of planned economy can be captured very well through the production ramp of this enterprise. Csepel Automobile Factory was classified as a first category, so called high priority investment in the first five-year people’s economic plan. The five-year plan qualified even the town of Szigetszentmiklós, which is situated in the immediate vicinity of the enterprise, as a first class settlement to be industrialized in Pest County, along with Vác, Gödöllő and Cegléd. Szigetszentmiklós reached this illustrious “rank” as the enterprise belonged to this town administratively. Regarding the heavy industrial development projects that started in the 1950s, people today generally associate these with some emblematic images like Sztálinváros (Stalin City), Inota, Kazincbarcika and Komló. The central authority purported to present these townships to the society as city models to be followed. It is little known that the Csepel Automobile Factory and the industrial installations planned on Csepel Island were approximately of the same size as the emphasized heavy industry-oriented developments implemented in other regions of the country. The enterprise was responsible for meeting partly the needs of the arms industry, for supplying the economy with various trucks and through foreign trade agreements, primarily in socialist relations, and for serving the needs of foreign partners.

In the thesis I examined a series of specific corporate phenomenon related to the operational mechanism of planned economy (such us raw material shortages, forced growth and the quantitative approach). Economist János Kornai established the model of planned economy, which work greatly inspired my questioning. It proved particularly helpful when examining the Csepel Automobile Factory, as a huge source of materials was available both on micro and macro level.

When writing the thesis I endeavoured not to reduce my discoveries to the main industrial contradictions of the industrial policy of the early 1950s. Through the development of Csepel Automobile Factory not only the typical defects of the one-sided and forced industrialization could have been captured, but more can be learnt about the system’s “last links”, the workers themselves too. Therefore, the thesis is also a summary of economic and social history research. I presented the workers themselves, as well as their attitude to the planned economy system, to the central authority, to the work and to their own workplaces. During the analysis I also looked for answers as to how the workers, as the main characters of the story of the
1950s’ industrialization, have become the shapers and at the same time the sufferers of the events. I considered it worth researching and processing the workers’ everyday life at the enterprise, which findings I presented through interviews prepared with the former founders and workers of the factory. The answers given to the questions raised provided us with a deeper understanding about the system and the everyday life of planned economy on both micro and macro levels.

II. SOURCES AND METHODS OF RESEARCH

While writing the thesis I processed the documentary materials of several archives in order to receive a comprehensive understanding about the functioning of the enterprise. I consider the party documents located in The Main Archives of The National Archives of Hungary as the main source. It is to be emphasized that almost every time the ideas and decisions arose at the meetings of the governing bodies of the party. Nevertheless, to reveal the final decisions and inner debates, the records of further divisions conducting economic policy background work under the Central Leadership of the Hungarian Worker’s Party (HWP) had to be examined too. These included the documents of the Economic and Financial Committee, the State’s Economic Division, the State’s Economic Commission and the Division of Industry and Transportation. Considering the fact that the enterprise operated in Pest County, I gathered and processed the documents of the Hungarian Worker’s Party’s County Commission too. The documents of HWP’s Csepel Automobile Factory Party Committee as well as the enterprise’s balance sheet accounts and statistical data communications relating to the 1950s were to be found amongst the foregoing too.

The most important central economic sources are guarded in The Main Archives of The National Archives of Hungary. Here can be found the documents and records of the Supreme Economic Council and of its successor body, the People’s Economic Council, as well as the Central Planning Office and the departments of industry. These top economic bodies played a key role in the economic life of the country after 1945, and contributed to the creation of the planned economy system. Former research works in economic history have already referred to the Supreme Economic Council’s resources in a number of cases. Therefore I could rely on these results in the course of my work.

The documents of the People’s Economic Council, that was the successor body of the Supreme Economic Council, form a similarly important record unit. As an organ of economic management, it had the power to establish and dissolve enterprises. Furthermore I considered
worthy to research such materials that have received very little or no investigation at all so far, such as, inter alia, the documents of the Central Economic Arbitration Committee and the National Wage Fixing Committee. The thesis could not have been complete without the use of the relevant documentary materials of the Labour Reserves Office, the major body governing the era’s labour policy.

The archival documents of the Central Planning Office constitute a further important material source group too. The Central Planning Office, established on 11 June 1947, was responsible for the development and implementation of the people’s economic plans. Furthermore, I used the related archival documents of the Department of Heavy Industry and the Department of Metallurgy and Engineering (DME) during my work. Regarding these, the records of DME’s Main Division of Investments, the documents of DME’s Secretariat and the records of the ministerial meetings, as well as the files of DME’s Main Accountancy shall be highlighted, in which one can find also the balance sheet accounts of Csepel Automobile Factory. During my research I have reviewed the concerned documents of the Car and Tractor Industry Trust too. The importance of the trust’s documentary materials derives from the fact that as the supervisory body of automotive enterprises, it could essentially see into all matters relating to the operation of the enterprise. It is also important that in 1952 Mrs Ferencné Bíró became the head of the trust, who was in fact the sister-in-law of Mátyás Rákosi, and who acted as the first manager of the enterprise since 1949.

A significant source of materials was available also at the archival fonds of the central organ of state control. The State Control Centre was established in 1949, and amongst others it was responsible for examining the investments the enterprises made. It is little known that the centre had the right to carry out inspections in almost every area. Accordingly, a significant volume of documentary materials deals with the control of the initial investments planned at Csepel Automobile Factory and the responsibility of the leaders of the factory. The sources of state control provide an excellent imprint of the operational mechanism of the socialist state and planned economy. During the thesis I also used the documents of the Spatial Planning Institute. It was part of the institute’s mission to produce studies and plans in conjunction with the industrial installations planned in the enterprise’s area and the development of the township of Szigetszentmiklós.

Regarding the files located at the Political History and Trade Union Archives of the Hungarian Communist Party (HCP), I used mainly the documentary materials of the party’s leading bodies. In examining these I tried to concentrate on the most important documents and findings solely, not to burst the framework of the dissertation. The previously published
works concerning economic history mostly relied on the same documents. The Political History and Trade Union Archives preserve the trade unions’ files post 1945, which also represents a great value in terms of sources.

My research extended to the study of the documents located at the Military History Archives and Records Office as well. The reason for this is that Csepel Automobile Factory fulfilled significant military industry orders for the Department of Defence. I consider the main sources in this regard the once confidential files of the Hungarian People's Army that are listed in yearly order. These sources address the army’s procurements of combat vehicles, the design of vehicle types and quality problems.

During my research and the drafting of the thesis I could not dispense with the statistical sources either, a large volume of which I found primarily in the files of the party. This also indicates that the competent departments of HCP worked with an enormous amount of data. The data obtained from these sources was supplemented with my research conducted at the Library of the Central Statistical Office.

Furthermore I extended my exploratory work to the Historical Archives of State Security Services. Due to my subject, the investigation files addressing the strike movement that took place at Csepel Automobile Factory at the end of 1951 proved to be particularly valuable. However, the most impressive state security records were the characterizations written about the executives and the workers of the automobile factory. In many cases they let the enterprise, the operations of the board of directors and the position of the senior staff members be seen from an entirely new perspective. Special emphasis shall be drawn to those state security sources that deal with the automobile factory’s production problems, the “wage manipulations”, the mood of the workers and their expressions against the authority. To supplement the above I carried out research also at the Archives of The Hungarian Radio, where I found valuable interviews from the first half of the 1950s.

As for the method of processing, it is important to note that systematic elementary research and exploratory work was required in relation to the enterprise. Using the methods of oral history I aimed to listen to the accounts of those people still alive that worked once for the enterprise. The interviews I made with them personally proved to be an irreplaceable resource. In addition to my self-made interviews I used also the interviews prepared by colleagues.
III. THE DISSERTATION’S STRUCTURE AND NEW FINDINGS

I divided the doctoral dissertation in four chapters, while the major chapters were split in further sub-chapters. The introduction of the thesis provides a comprehensive overview of the sources and the historiography of the subject. The first chapter describing the historiography discusses the outline of the post 1945 Hungarian economic historiography up to the regime change, while another chapter outlines the economic history works published in the years following the regime change. Within the first chapter there is also a separate subsection that deals with the socio-historical and sociological analyses before 1990. The main directions of the historical research concerning the plant and enterprise before and after the change of regime are also described in the first part. I specifically touch upon the works originating from the 1950s, particularly some Hungarian adaptations of the Soviet authors.

Although there is abundant literature available about the Hungarian economic policy between the two world wars and the subsequent period, the Hungarian industrial policy, and in particular its post-1945 development, is primarily recorded in general economic policy summaries. Much of the works on this subject were born before 1990. As to the latter the research works of Iván T. Berend and György Ránski proved to be outstanding even by international standards. Therefore, I considered it important to introduce their output in the field of economic history.

In the second chapter of the thesis I focused on how the state’s involvement strengthened in relation to the reinforcement of the economy and the industry from the 1930s onward. I have briefly reviewed the main trends in economic policy between the two world wars, as well as the objectives and the impact of the so called Győr program announced in 1938. The sub-chapter of the second chapter brings us to an understanding of the economic processes after 1945, and shows us how the HCP formed the conditions for the command economy by acquiring the key economic positions. The majority of the works published before 1990 usually associate the turnaround in the industrialization of the economic policy with the year 1945. It is not so much emphasized in the literature concerned that the socialist industrialization was based on the spatial structure of the former industry. It is an important finding of the thesis that continuity can be observed not only in the structure of the industry, but also in the survival of certain enterprises. It can be observed very clearly that the state’s increased involvement in the economy, and in these terms, also in the heavy industry, as it appeared before 1939, not only did not decrease, but after 1945 it strengthened further remarkably, although under new circumstances. In my opinion we need to definitively leave
behind the false idea that 1945, as a political caesura, has proved to be a watershed also in the area of economic processes. The state’s decisive and central managing role prevailed even after 1945.

The third chapter of the thesis deals with the adaptation of the Soviet economic model, and the formation of the new organizational framework for economic management. The individual subsections that are built on each other describe the economic policy concepts of HCP and HWP, including the objectives and the results of the three-year plan, the nationalization that took place in a radical form, and the transformation of the institutional system. The political and economic processes following the Second World War ultimately contributed to the fact that Hungary became a Soviet-style state and shifted to planned economy. The issues described in this chapter provided the backdrop for the micro-level study.

The fourth chapter and its subsections can be considered the main part of the dissertation. The fourth chapter provides an overall examination of the impact of the mechanisms of planned economy on Csepel Automobile Factory. Until now no comprehensive scientific study has been presented about the history of the car factory. A further novelty is that the economic history research is organically complemented by the socio-historical analysis of the system.

In the first part of the fourth chapter I present the main objectives of the first five year people’s economy plan, the role of plan bargaining and the reality of the concepts. The analyses have proven again that the five-year plan lacked all sort of reality, and that the disparities of the developments have sown the seeds of the future crises. In many cases it becomes obvious that the supervisory bodies did not have accurate information about the performance potential of the enterprises concerned.

The second sub-chapter discusses the circumstances of the foundation of the factory and the rapid progress of the construction works based on the interviews made with former factory founders. The investments planned for the enterprise served both the need to meet the growing demands of the arms industry, as well as the replacement of the shortages occurring in the transport infrastructure. The thesis analyses the rapidness of the developments and their consequences through the use of several interviews. Further, I provide a detailed overview about the conditions of license purchases that were essential for domestic car manufacturing, concerning which only short references could have been found in the literature thus far.
The third sub-chapter analyses the malfunctions occurring in planned economy, and deals with the production issues of the enterprise. The initial production stage of the automobile factory was characterized by explosive growth. The disorders in the enterprise’s development had been evidenced as early as 1951. Economist Ferenc Jánossy pointed out in his work entitled *The Trend line of the Economic Development* that we can speak of rapid growth path in the reconstruction periods because, for instance, usually the war destroyed the means of production, not the accumulated knowledge and experience. However, growth will continue until the actual production reaches the level which the economy would have followed had it not experienced a production decline. Then we can observe the halt of this rapid growth that effected Csepel Automobile Factory as well. Often the enterprise’s production plans could only be achieved by using the method of work contests. Despite the fact that the automobile factory was not classified as an arms industry factory, it still had to serve the Hungarian People’s Army with significant deliveries. Generally speaking, the automobile factory faced a dual pressure with regard to its production. Firstly, it had to comply with the needs of “civilian” production (e.g. to satisfy the vehicle demand of the agriculture or the transportation industry), and secondly, it had to supply the defence industry’s numerous demands for trucks, which had an exclusive priority during the years of development. The thesis also sheds light to the fact that, in addition to the above, the car factory also had to take its share in the development of trucks, and also, the state security organs paid special attention to its production both on the military and the civil side.

The fourth subsection deals with the constant raw material shortages of the era, which fundamentally determined the performance of the enterprise’s productivity plan. The thesis points out that the deficit had caused very serious problems in the plants, and as such, also in Csepel Automobile Factory. In addition to these, the surveys report about the ongoing energy shortages at the automobile factory, and the difficulties of the forced cooperation between the enterprises. It must be noted that in relation to the investments, the thesis sheds light to the role of several Soviet advisers, who had also insight into the car factory’s developments or who had laid out the investments. It is a novelty of the research into this issue that it highlights the role of the automobile factory’s CEO, Mrs Ferencné Bíró in solving these problems. Through a number of interviews I have concluded that in many cases even a sudden raw material shortage could have been resolved within a short time due to the personal relationships of Mrs Ferencné Bíró. The observations made about her by former employees put her role and personality into a new perspective. It is also important to mention that during the analyses I used several state control related sources.
The fifth sub-chapter focuses on the process of boosting the headcount of workers at the enterprise, which took place very quickly and dramatically in the reviewed period. In this regard we can take notice of both the negative consequences of the manpower flow induced by Stalin’s industrialization policy as well as its effects on Csepel Automobile Factory. In this part of the essay I relied on the results of the latest research in social history, including the works of Gyula Belényi. Nevertheless it is a novelty that the literature has not revealed any examples of such drastic manpower flow phenomenon in relation to the car factory thus far. Between November 1949 and March 1951 the total headcount of the employees of Csepel Automobile Factory increased nearly 15-fold, so that by March 1951 it counted nearly 6,000 workers. This chapter is also rich in complex socio-historical studies. Firstly, I studied the negative effects of the socialist labour policy, secondly, I revealed the problems of the skilled workers supply, and thirdly, I presented specific affairs about criminal cases brought against a number car factory workers that were considered ”arbitrary leave“ suspects.

The sixth sub-chapter sets forth the characteristics of the car factory’s norm settlement and the employees’ behaviour in respect of the matters concerning norms and wages. The analysis has focused on those car factory workers who had been adversely affected by the norm settlements the most. The modification of norms and the issue of wages were constantly on the agenda of the car factory. Supplementing the findings of Gyula Belényi, I managed to present the facts about the spontaneous walkout that took place at the Christmas of 1951 in their complete thoroughness. This case was particularly interesting to me because I had only fragmentary information about the matter so far. Since the workers revolted because the wages had not been paid at the usual time, the walkout shows the workers’ resolute action against the regime. During the analysis I used previously unknown security state resources too.

The seventh subsection provides an overview of the relationship between the automobile factory and the state-control. The studies examining several cases reveal the criminal sanctions applied in respect of the enterprise and the workers. The sources elaborated here shall also be emphasized because the files of state control have not yet been analysed in such an in-depth manner in respect of an enterprise. This issue has not yet been discussed in the relevant literature in sufficient detail, although attempts have been made to this by Gyula Belényi and Mark David Pittaway. Furthermore through the examinations we can receive a comprehensive picture of the dysfunctions that appear in almost all areas of planned economy. Several socio-historical research works refer to the measures taken under the frame of the criminal protection of planned economy. One of the substantial findings of this
subsection is that these measures threatened with sanctions not only the workers, but also the leadership of the enterprise. The workers were usually sentenced to 3-4 months corrective-disciplinary work to be “executed” in the car factory. As regards the enterprise’s executives during the period reviewed, we are only aware of the case of Béla Zentai, who was reprimanded in a “plan fraud” case.

The exploration of state security sources has contributed to a more sophisticated picture about Mrs Ferencné Bíró than what had been formed before. She appeared in the memories of the workers usually as a strict person who demanded the execution of the plans, but at the same time they considered her to be just and informal. The state security documents, by contrast, while recognizing her leadership skills mention that she mainly surrounded herself with individuals whom the authority regarded as not presentable at all. All this was not primarily attributed to her solely but also to the fact that during the boom of the enterprise a large number of workers was hired without control in order to meet the factory’s production plan. Both the state security documents and the sources of HWP’s Csepel Automobile Factory Party Committee confirmed the implied statements made by the interviewees regarding the fact that relations were of special importance at the car factory. The role of social capital received greater emphasis when it came to solving a special case, and the importance of the “socialist connections” can be observed in the production processes too. Its significance can also be detected in the every days of the enterprise.

The eighth sub-chapter scrutinizes the issue of “hidden reserves” (as it is referred to in the official discourse), with the help of which the superior authorities purported to promote the fulfilment of the production plan of Csepel Automobile Factory. It is an important finding of the thesis, which was also reinforced by the collation of a number of archival sources, that actually the car factory was able to meet its production plans due to the widespread labour competition movement. The cyclic nature of the offerings and the bureaucracy of the competitions have ultimately mopped up the reserves and enthusiasm of the workers that had been present in them at the foundation of the enterprise. Under “hidden reserves” they primarily meant the employees’ workforce, and also all those factors which, according to the superior bodies, the enterprise’s executives “kept in secret” or did not notice because of disorganization.

The ninth sub-chapter deals with one of the essential questions of the five-year plan, the cost price reduction. As a new a finding the essay describes that due to the quality objections concerning the products of Csepel Automobile Factory, in 1952 the defining leaders of economy were already of the view that Hungary should build in Soviet engines instead of the
Csepel engines into the tractors. During 1952, due to the significant production costs, such as the high raw material expenditures, and the construction problems occurring in respect of specific types, it has also been suggested that the Csepel trucks should be replaced with Soviet vehicles. The findings are complemented with the presentation of the related austerity measures. In my opinion we should definitely break with the common conception which measures the progress of the car factory based only on the number of trucks made. By 1945 the enterprise has made the twenty thousandth lorry. However, we need to draw attention to the fact that to reach this accomplishment, it had to operate in such a forced economic system in which the enterprise’s input-output was fully imposed by central command. In addition, the production and the situation of Csepel Automobile Factory was still not governed by the market, but directed by the commanded plans and the superior authorities. As a consequence of the above, superhuman efforts were expected from the enterprise and from the workers, and they had to pay a significant price to obtain these results.

Finally, the main findings of the dissertation are set forth in the fifth, summarizing chapter. This is followed by the Appendix, which contains the title of the archival sources used, and the list of the literature and abbreviations referred to in the thesis.

**PUBLICATIONS**


9.) **ANDRÁS KISS:** „Mi mindig elfelejtjük, hogy még nem vagyunk gyár.” A Csepel Autógyár és munkásvilága az 1950-es években. *Korall*, 61. 2015. [before publication]