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A Foreigner's View of a
Hungarian Bureaucracy

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Mr. Peter Martin
Institute of Current
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4 West Wheelock Street
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Dear Peter,

All governments need, or think they need, economic analyses to help guide their agricultural policies and most governments set up a special research unit for this purpose. In Hungary, this unit is the Research Institute for Agricultural Economics (AKI), where I've been working for the past ten months. Since this is considerably longer than foreign visitors usually stay at the AKI, I've had an unusual opportunity to see how this kind of bureaucracy in a socialist country really works.

The AKI functions much like a similar agency of the U.S. Department of Agriculture, the Economic Research Service (ERS). Each is the economic research arm of its central government's Agriculture Department or Ministry. Each tries to strike a balance between academic research and more practical, applied studies. But apparently neither institution's work is deemed so crucial as to necessitate its being placed in the same building with the Department or Ministry. The AKI, like the ERS in Washington, is parked in an anonymous gray building some blocks from the main administrative offices. The AKI's building seems a little more depressing than its Washington counterpart, but perhaps I've been prejudiced by its penchant for hurling chunks of plaster on one's head during windstorms.

Politics influence the operations of government agencies everywhere, but because Hungary is a small country with all the research bureaucracy concentrated in Budapest, the influence of politics and personalities is probably felt more strongly in the AKI than in the ERS. And since Hungary is a country with a one-party, communist government, there are well-developed formal

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mechanisms for applying political influence in government agencies, including the AKI.

The Party (the Hungarian Socialist Workers Party) has a prominent place in the internal operations of the Institute. In every place of work in Hungary, including the AKI, there's a local Party Secretary responsible for Party functions. In the AKI, the Party Secretary is also the head of a research¹ division that analyzes Hungary's relationships with COMECON. With the Director of the Institute, he approves most important Institute business and organizes certain official events. For example he marshalls the requisite number of people from the Institute to march in the May Day parade and coordinates the Institute's participation in the November 7th commemoration of the "Great October Socialist Revolution."

In addition to the Party Secretary, each work-place has a so-called "personnel director" whose job it is to keep track of the activities of the workers, including foreign visitors like myself. The AKI's personnel director, Mr. Timar, is a rotund, rather somber fellow, who has periodic bursts of geniality, engaging one in long, one-sided conversation that is frequently unintelligible. During one of these phases, he was kind enough to host a visit to his brother-in-law's small farm and wine cellar, where I had an opportunity to get to know him better. I'm not sure how that visit entered into the dossier he compiles, but it did provide some interesting glimpses of his background and political connections.

Timar is closely linked personally and politically with the current director of the Institute. They were both involved with the Small-Peasants' Party of the late 1940's that later was a source of leadership for the agricultural establishment in Hungary, including a former minister of agriculture as well as the directorship of the AKI. The Small-Peasants' Party formed linkages between its members that have continued up to the present. It was clear that the extremely well-stocked cellar of Timar's brother-in-law has frequently helped to reinforce these linkages over the years, serving as an informal, country-side meeting place. The Peasants' Party connection helps explain why Timar occupies the position in the AKI that he does. He's essentially an aide to the Institute's director. In the coming year when the Director is due to retire, Timar is expected to go out with him.

The Director's imminent retirement has created some tensions in the Institute, centering around the question of

¹ COMECON, or the Council for Mutual Economic Assistance is a trade association of socialist countries, led by the Soviet Union.

who will succeed him. Among possible successors are two assistant directors of the Institute. Both are ambitious for the position and perceive each other as rivals. Since last spring, when this retirement was first mentioned unofficially, they've been politicking for support.

Dr. Pongrac, who has initially emerged as the leading internal candidate, clearly has the most extensive background and professional credentials in agriculture per se. Before his promotion to assistant director, he headed the department of the Institute that deals with agricultural production and policy, and he's written extensively on agricultural policy. Mr. Donath, the other assistant director, has the advantage of having been an active and loyal Party member for a much longer time, and although it isn't always necessary to be a Party member to rise up in the bureaucracy, it always helps. Donath is also an engaging personality, well-liked by his subordinates. His chances for the directorship though may be handicapped because his professional background is in food industry rather than in the production side of agriculture-- he formerly directed a food industry research institute. His institute was merged into the AKI two years ago and the merger itself has been the source of some friction, not necessarily because of the competence or personalities of the people involved, but because of the difficulties in merging food industrial and agricultural research.

Such frictions are not uncommon in American agricultural economics research institutions either. I've always felt it's because food industry research tackles fundamentally different issues than does purely agricultural research, dealing with industrial, rather than biological processes. A second problem is that agricultural producers, as well as consumers of food, never seem to overcome their distrust of the "middleman", represented by the traders, processors and distributors who make up the food industry. So it's not surprising that researchers who identify with one of the other of these groups sometimes find themselves at odds. I was surprised though to find these factions in the AKI. In a highly-centralized and planned economy, linkages between food industry and agriculture should be stronger rather than weaker. Also in a socialist economy, where prices, margins, and incomes can all be regulated, one would think that the fear of excessive profits by the middleman might have disappeared.

The internal struggles of the AKI may well be irrelevant though when it comes to selecting a new director because more

powerful external forces will likely prevail, politics playing a key role. The importance of a political base for a top appointment in the agricultural bureaucracy is of course characteristic of the U.S. as well as Hungary. But in Hungary the top-level agricultural posts may be relatively even more important than they are in the U.S. because agriculture is such a critical part of the country's economy and a major source of export earnings.

A shake-up in the Ministry of Agriculture as well as in several other ministries is expected sometime this year as part of a general reform of the bureaucracy. The broad outlines of this reform will be clear by the time of the next Party Congress this spring, but it's rumored that several hundred top-level bureaucrats from various ministries will be out of work. Most of the people I've talked to think that in the resulting scramble for jobs, the directorship of the AKI will almost surely fall to a well-connected outsider. The directorship is essentially a political post under the control of the Minister of Agriculture, and will probably go to an accomplished politician. Since the current Minister, Jeno Vancsa, is supposed to move up to a more important post during the upcoming reorganization, the actual selection of a new director for the AKI must wait at least until the dust has settled in the Ministry.

Sincerely,



Lana Hall

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