

Competition in Socialist Society

Edited by
Katalin Miklóssy and Melanie Ilic

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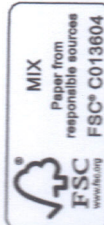
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- 12 *Eesti Nõukogude Entsüklopeedia* (hereafter ENE), vol. 1, Tallinn: Valgus, 1985: 'artell'.
- 13 Mertelmann, 'Turumajanduselt käsumajadusele', p. 449.
- 14 Mertelmann, 'Turumajanduselt käsumajadusele', p. 471.
- 15 Mertelmann, 'Turumajanduselt käsumajadusele', p. 448.
- 16 *Ahke Kallaste*, no. 3, 1965.
- 17 In Soviet Estonia, the most 'politically reliable' people were considered to be those Estonians who had been born and raised in the Soviet Union. For example, both the long-term Secretaries of the Estonian Communist Party, Johannes Käbin (1930-1978) and Karl Vaino (1978-1988), were Soviet Estonians.
- 18 See, for example, *Mootor-kalapüügijaama ja kalurikolhoosi tüüpleping* (Standard Contract between a Motorised Fishing Station and a Fishing Kolkhoz), 1953.
- 19 This is indicated in the Kirov *kolkhoz* internal phonebook, 25 June 1977.
- 20 Special materials, such as cables and electricity maintenance equipment, were also door-openers for the Estonia *kolkhoz* construction unit (EKE) and, through these connections, EKE was able to access almost every type of construction materials it needed. See Kuutma, *Wabariigist Vabariigini*, p. 266.
- 21 Eesti Riigi Arhiiv (Estonian State Archive; hereafter LVMA), 5 August 1965, minutes of a board meeting. In one example, one of the fishermen asked for his overtime payments but, because his ship had had an unprofitable year, the money was not forthcoming; instead, he was given some days off work.
- 22 Alaküla, *Afrovisit*, p. 29.
- 23 *Randlane*, 14 October 1976. The garden products earned 620,000 roubles out of a total income of 28.3 million roubles.
- 24 Alaküla, *Afrovisit*, p. 197.
- 25 LVMA, 7 June 1965, minutes of a board meeting.
- 26 Alaküla, *Afrovisit*, p. 72.
- 27 Alaküla, *Afrovisit*, p. 99.
- 28 Alaküla, *Afrovisit*, p. 32.
- 29 See, for example, *Randlane*, 27 January 1977: Kirov *kolkhoz* figures for 1976.
- 30 Alaküla, *Afrovisit*, p. 39.
- 31 *Randlane*, 20 June 1991.

5 Selling fashion to the Soviets

Competitive practices in Polish clothes export in the early 1960s

Mila Oiva

Introduction

In April 1961, Mrs Zajązkowska was very busy. As head of the production department of the Polish Association of Clothing Industries (ZPO), her task was to organise a competitive and attractive export collection of Polish ready-to-wear clothes consisting of 800 designs within just a few months.¹ The major function of the state organisation ZPO was to control and coordinate the Polish clothing industry as part of the planned economic structure. Consequently, Zajązkowska wrote to clothing factory directors that it was of the utmost importance that the Polish collection looked consistent 'taking into account the serious competition of other countries currently presenting their collections in Moscow'.² Thus, in order to be competitive in the Soviet market, Polish clothing export professionals considered it important to pay attention to the product's image. They used competitive practices that are understood to be part of marketing in the contemporary Western context.

Generally, the exchange of commodities within the member states of the Council for Mutual Economic Assistance (CMEA), which oversaw economic cooperation between the socialist countries, has been described as lacking competition.³ Intra-CMEA trade has been regarded as an extension of Soviet dominance over its satellites.⁴ How, then, should we understand Zajązkowska's letter, in which she urges directors to pay attention to the competitive setting in the Soviet market? This chapter explores how Polish professionals developed a marketing strategy to address competition in the export of ready-to-wear clothes to the Soviet Union in the early 1960s. The network of Polish organisations that participated in foreign trade is divided in this chapter into high, intermediate and micro levels. The chapter focuses not on the high level of the Central Committee Economic Department, but on the emergence of marketing practices within the intermediate level (ZPO controlling the clothing production sector) and micro level (factories and foreign trade companies). The reinvention of competitive practices that took place in the early 1960s spurred further development of Polish clothing export strategies aimed at increasing competitiveness later in the 1960s and 1970s.

Although this chapter focuses on Poland, it seems that the other CMEA member states also had diverse competitive strategies for the Soviet market.

This study challenges the view that denies the existence of competition in foreign trade within the planned economies and contributes to the discussion on lower level actors' competitiveness.⁵ It shows that the smaller countries were able to challenge Soviet economic structures. In addition, it calls for a wider reading of the functions of an economy that has been viewed predominantly through shortages.⁶ Indeed, in some definitions, shortage is accentuated as a significant element in creating competition. Here, *competition* in the economic sphere is understood as a set of practices employed in order to access goods in short supply or for some reason difficult to reach. *Marketing* is understood as a competitive practice of attracting new customers by promising superior value, and keeping and growing current customers by delivering satisfaction. In the Soviet bloc context of the early 1960s, competition was officially defined to be inherently part of a capitalist economy, but the situation was more complex on a practical level.⁷

The change in cultural atmosphere in one sector of intra-CMEA trade and the emergence of new opportunities for Polish traders are studied in this chapter through the diversification of export practices and the changing understanding of the concept of competition. Human practices – the ways of operating or doing things – are linked to cultural meanings.⁸ Through practices, people display cultural meanings; thus, changes in practices indicate changing thought.⁹ Studying practices expands the picture of state socialism because the focus is on everyday working mechanisms instead of official statements and hierarchies. The main sources for this chapter are documents produced by the foreign trade company CETEBE and the state organisations that coordinated the activities of the clothing industry, the Central Board of the Clothing Industry, CZPO, which was restructured and renamed in 1958–59 as ZPO.¹⁰ In addition, interviews with people active in the Polish foreign trade sector from 1956 are used. These sources have not been utilised previously in historical research and, in general, it is rare for Soviet bloc foreign trade history to be researched in such detail.

Formation of a new trading environment in the late 1950s

In order to understand why Polish exporters re-introduced competitive practices in the early 1960s, we should look at the political and economic changes of the late 1950s. There is a prevailing narrative in Polish historiography which states that the structural transformations in the economic administration of the late 1950s did not have substantive effects in practice.¹¹ One of the aims of the Polish reform was decentralisation, and it was carried out by decreasing the number of administrative organisations and transferring some decision-making responsibilities to lower levels of the administration in 1958.¹² As part of the re-organisation, the Central Boards of industrial branches were dismantled, and industrial associations, with wider responsibilities,

were founded to replace them.¹³ In contrast to the prevailing narrative, this research demonstrates that there appeared to be a significant turn towards a more active participation of micro and intermediate level actors and an alteration in practices following these administrative reforms. The foreign trade structure became less hierarchical and centralised. It began to resemble a network. Whereas CZPO had not participated actively in export coordination, ZPO had an active role in clothing export. From 1960 to 1976, ZPO had a whole department concentrating on export.¹⁴

These changes in the economic administration were connected to wider shifts in the political sphere. The temporary political thaw in Poland had been initiated by workers' demonstrations and their violent suppression in the city of Poznań in 1956.¹⁵ Polish historiography characterises the mid-1950s as a short period of liberalisation, after which the authorities soon re-introduced controls over society. Despite the suspension of most of the reforms, there was no return to strict Stalinism thereafter.¹⁶ The year 1956, when Soviet leader Nikita Khrushchev criticised Stalin and his methods, was also an important turning point in Soviet economic policy towards its allies. Changes in the political atmosphere and the restlessness in Eastern Europe urged Khrushchev to revisit the alliance structure of the Eastern bloc. According to this new Soviet thinking, the East European allies would remain stable as long as they were economically prosperous. In exchange for low price raw materials, the Soviet Union began to receive in return higher price industrially manufactured products in order to support socialism in the allied countries.¹⁷ Consequently, structural changes also became evident in the economy by the end of the 1950s. The production of consumer goods in Poland increased by sixty-three per cent between the years 1955 and 1960.¹⁸ The great change from exporting raw materials to industrially manufactured goods, such as machinery and ready-made clothes, became evident from 1957 onwards.¹⁹ This change in export structure was most apparent in Poland's trade with other socialist countries. Many of them applied similar economic reforms in the 1950s and 1960s.²⁰

The political and wider economic changes had not yet emerged in the practices of the foreign trade company CETEBE and the central board CZPO in the mid-1950s. Their marketing activities were almost non-existent. Despite the unreliability of statistics from Soviet bloc states, it is possible to draw certain conclusions. In 1958, the major export direction of Polish ready-to-wear clothes was to the Soviet Union, which constituted roughly ninety per cent of the trade. Yet, in Soviet statistics, Poland is not even listed among the major importers, which were China (forty-four per cent), Bulgaria (twenty-four per cent) and the GDR (fourteen per cent).²¹

There were many reasons for the inactive participation of lower level actors in Soviet trade. Soviet policy towards its allies ensured a hierarchical structure of economic administration, and Soviet advisers were placed in important organisations to ensure unofficial but direct Soviet control during the Stalin era.²² Changing these practices took a longer time than taking a new

direction in politics in 1956. However, when the practices changed in 1961, they seem to have been permanent.

Re-invention of competitive practices in Soviet trade

In the early 1960s, Polish clothing export practices changed dramatically. The increased export demands of the Polish economic planners and the new opportunities in the Soviet market opened up a new level of activities for micro and intermediate level actors. The push and pull factors of the market led to a new approach towards the customer: marketing, which could not be practised on the highest level of hierarchy in the planned economy, but emerged at lower levels. The lower level actors created a special production line explicitly for the Soviet market and introduced new export procedures that included marketing. After the launch of the new trading practices in 1961, Polish export professionals continuously developed them further, based on the experiences they gained. All these changes provide a new way to understand intra-CMEA trade in general, and allow for a re-evaluation of Polish opportunities in the Soviet market in particular.

The emerging novel practices in 1961 were initiated by a new joint body founded to ease horizontal cooperation between ZPO and CETEBE. The new body, the Export Council, focused on stimulating clothes export to the Soviet Union. In its first meeting, the Council stated that, in order to reach the annual export plan for 1962, certain changes in coordination and planning had to be made.²³ In contrast to the late 1950s, when there was practically no discussion about the problems faced in the Soviet market, the Export Council now indicated that there were challenges in exporting to the Soviet Union. What is even more noteworthy is that an intermediate level actor, such as ZPO, could do something to improve the export figures.

The Export Council listed fresh ways to improve the professionalisation of the export sector. Some of these proposals were connected to marketing. In the suggested procedure, the major target was to create a good reputation for Polish products at fashion exhibitions and shows. The new practices were to be tested in the summer of 1961 in the Soviet market. The correspondence between ZPO, the Ministry for Foreign Trade and CETEBE provide a detailed picture of the heated fashion exhibition preparations prior to the Moscow price negotiations and a fashion show tour to Riga, Leningrad and Kiev.²⁴ Not only the letters sent by the aforementioned Mrs Zajączkowska but also other documents demonstrate the importance of the planned trade negotiations in Moscow in the summer of 1961.²⁵

In contrast to the 1950s, in 1961, the micro and intermediate actors in Polish foreign trade formed an efficient network and could thus influence the success of sales in the Soviet market. ZPO and factories worked to create an impressive collection that would sell, while specific designs and the prices paid for them were negotiated by the foreign trade company CETEBE. As became evident, the state-level bilateral annual commodity exchange negotiations



Figure 5.1 Working on the new design of a dress with a model: Fashion House Telimena in Łódź, 1960 (Poland)

conducted by the central planning organs only set a framework for the price scale, giving directions but leaving room for bargaining. Zajączkowska wrote to the producers that the designs were to be prepared in two samples: one would go to Moscow and the other would remain in the factory as a template, in the event that a contract was drawn up.²⁶ This suggests that not all the presented designs were sold successfully.

Although price negotiations were the most difficult part of the trade process, it is notable that even the opportunity to negotiate prices was included in the Polish clothes exporters' toolbox by 1961. Until 1956, the Soviet Union had essentially dictated the price level of Polish products, at least in part.²⁷ According to former trade professionals, negotiating prices was always very difficult. Soviet wholesale purchasers were very price conscious and, moreover, they often referred to the fact that the Soviet Union was selling energy to Poland for lower prices than on the world market when they demanded

lower prices for clothes that the Poles were selling. Thus, the Polish negotiators had to have good grounds to ask for higher prices.²⁸ Hence, it was important to make a good impression for the collection in difficult price negotiations.

Mrs Zajączkowska stated in her letter that there was already competition between the countries exporting clothes to the Soviet Union. Despite the official CMEA doctrine of cooperation, in practice, bilateral country-based barter trade led to a more or less hidden price competition between exporting countries.

The sales shares of countries exporting clothes to the Soviet Union changed during the period under review here. In the late 1950s and early 1960s, China dominated the clothing market. By the mid-1960s, China's share had diminished, and Soviet imports had diversified more evenly between other socialist countries, and their number increased.²⁹ The decrease in Chinese trade can be explained by the Sino-Soviet split that started in 1957, but heightened in the early 1960s. As Soviet relations with China deteriorated, Soviet leaders sought to avoid the weakening of the socialist bloc by strengthening their alliance with East European states.³⁰

In the early 1960s, the East European clothing exporter countries began to compete over the Soviet market share that had earlier belonged to China. Bulgaria (lost its position by the 1960s), the GDR (strengthened its position and became the leading exporter by 1966), Czechoslovakia (increased) and Hungary competed over who would be number one in Moscow.³¹ The competition for shares in Soviet trade was unconcealed: the competitors could refuse to make trade agreements with each other before they had negotiated in Moscow.³²

Socialist traders competed mainly over the prices to be paid by their Soviet counterparts. It is probable that Polish clothes producers were reluctant to increase the amount of exported goods because the industry suffered from underinvestment and raw material shortages.³³ Increasing production would cause problems for the factories battling with shortages. What was crucial, for both producers and foreign trade officials, was the price paid, and the success of foreign trade companies was calculated in relation to that.

Later in the 1960s, the Soviet market was characterised very clearly by rivalry over prices. A 1967 report complains that the Soviet client was very interested in specified products, but would not pay the sum asked. The reason for this was that they could purchase similar products from the Hungarians, who sold it for a lower price. Also Czechoslovakia, Belgium and Yugoslavia were reported to have been competing in the Soviet market with lower prices.³⁴ Thus, the main competition was not over the export amounts but for the prices paid.

As the political environment and economic structures changed in the late 1950s, Polish clothing trade professionals gradually came to understand the real power of lower level actors in Soviet trade negotiations. The lower level organisations were, on the one hand, tied to the higher level organisations that made the framework decisions. On the other hand, they were able to use ideologically suspicious practices, such as marketing, which the higher level organisations could not use to the same extent. The satellite states effectively used the weaknesses of the organisational structures of the Soviet system at

the lower organisational levels. Although Polish CETEBE and ZPO were relatively independent and competed actively in the Soviet market, in the end, they acted in accordance with the recommendations and framework regulations of the Ministry for Foreign Trade. All decisions and journeys abroad had to be reported to the Ministry. Therefore, it seems that the active role of the micro and intermediate levels of the foreign trade network were intentionally used by the Polish high level economic administrators.

Previous research has shown that the East European lower level organisations had more negotiating power than their Soviet counterparts because of the fragmented nature of the Soviet foreign trade system. At the highest level of the central planning organs, the Soviet Union could dictate issues considered to be top priority, and the East European negotiators usually agreed. However, as the negotiations moved down to the more detailed consultations, East European negotiators had an opportunity to influence important nuances in the trade transactions.³⁵ When exactly this new way of trading arose in different sectors of trade has not, however, been identified by earlier scholarship. Based on the source material used here, in the Polish-Soviet clothing business, this new way of trading was established in the early 1960s.

The conceptual turn

In addition to practices, the terminology – the way those practices were described and understood – also changed in the early years of the 1960s. This signifies a wider transformation in thinking and running the ideology in practice. The Polish word for 'competition', *konkurencja*, was rarely used in Poland's foreign trade documentation in the 1950s. At that time, the concept of competition was understood in Poland as economic competition characteristic of a capitalist economy. The positively characterised (socialist) 'rivalry', *współzawodnictwo*, was directed to increasing the quantity and quality of production through work-based competitions following the Stakhanovite work ethos. By the early 1960s, the role of this worker-hero cult had declined dramatically.³⁶

In Poland, the way the concept of competition was understood had changed by the mid-1960s. *The Great General Encyclopedia PWN* (1965) noted that a certain kind of economic competition, earlier understood only as a feature of a capitalist economy, could also be beneficial in the planned economies, as it promoted technical development and better adjustment of production to the needs of the consumers. However, it was noted that price regulation had to be conducted in a centralised manner.³⁷ Thus, we can assume that the way Zajączkowska used the term 'competition' in her letter referred to competition that was no longer a negative feature but, if correctly used, might lead to outcomes desired by the planners of the centralised economy.

The change in the understanding of competition was related to other changes in terminology. The term 'marketing' also became part of the vocabulary in the early 1960s. The word 'advertisement' (*reklama*) was used even

earlier. Probably the first Polish handbook on advertising in the domestic market after the Second World War was published in 1956.³⁸ From the autumn of 1956, the Higher School of Planning and Statistics in Warsaw provided courses on Western economics and marketing in foreign trade.³⁹ Starting that same year, companies acting in the domestic market began to advertise. Sometimes products were advertised in order to direct consumption towards products that were not in short supply in the planned economy.⁴⁰ Promotion of Polish goods in foreign trade was concentrated in the hands of the Polish Chamber of Foreign Trade in 1949–55.⁴¹ From 1956, foreign trade companies could organise promotional activities by themselves. To support this, the Ministry for Foreign Trade established a special Advertising Council in the early 1960s.⁴² Handbooks on marketing in the export sector were already being published by the mid-1960s.⁴³

In the Soviet Union, Kosygin's economic reforms of the mid-1960s also demonstrated new ways of thinking. Although the reformers never used the word 'marketing', the reform denoted a change in thinking as it suggested that some market elements and practices could usefully be implemented in the planned economy.⁴⁴ The Chamber of Commerce of the Soviet Union published the first studies on marketing in foreign trade in the mid-1970s, ten years later than in Poland.⁴⁵ Among the published articles, the only one by a foreign author was written by Polish economist Klemens Bialecki.⁴⁶ This suggests that the emerging Soviet marketing sector wanted to learn from Polish experience.

Selling images of luxury

Polish clothing exporters began to apply new marketing practices in the Soviet market in 1961. In order to have more negotiating power in Moscow, they extensively spread word of the attractiveness of Polish clothes around the Soviet Union. In addition to the trade negotiations in Moscow, the Polish collection was exhibited in fashion shows in Riga, Leningrad and Kiev. It seems that the target audience was composed of Soviet opinion leaders in the field, such as fashion designers and the media. The average end customer had little impact on what was available in the shops and in what amounts, as they did not fall within the scope of interest of the exporters.⁴⁷ It was common in the Soviet Union to organise fashion shows and to present new designs in magazines in order to cultivate good taste, but the designs presented were not available to the customers.⁴⁸ Polish exporters wanted to convince Soviet opinion leaders of the extraordinary character of their collection and to build a good reputation for Polish products widely in the Soviet Union. This good reputation would later be of use in price negotiations.

The importance of the fashion shows was emphasised in an interesting manner. Image construction of the Polish clothing was conducted by representing luxury clothing that was not intended to be sold in large amounts in the Soviet market at all. The potential purchasers of Polish clothes were



Figure 5.2 Telimena fashion show, 1962 (Poland)

shown clothes that, to a large extent, were out of their reach. On the list of 400 different designs sent to the Soviet Union for trade negotiations, sixty were prepared by the fashion house Telimena.⁴⁹ All other designs were listed according to the types of clothes, such as women's or men's overcoats, girls' clothing. The names of the companies producing the clothes were not indicated on the list. The only exception was the designs produced by Telimena, and here only the name of the company was mentioned, rather than the type of clothes.⁵⁰ It is probable that the designs prepared by Telimena were evening dresses or women's suits, as the fashion house concentrated on producing high fashion in small numbers.⁵¹ In 1961, Telimena products were presented in the Soviet Union for the first time. The clothes designs were to be represented in a special way, 'not at exhibitions but in shows'.⁵² This accentuates the importance of exhibiting Telimena's clothes in a festive way in order to enhance the good impression of the Polish collection. As Telimena's clothes

were to be sold only in small numbers, the actual reason for the fashion house's participation in Polish export was to enhance the image of the whole collection.

Telimena differed from the other producers of ready-to-wear clothes. Several interviewees specifically mentioned the Telimena fashion house while discussing Polish fashion. Clothes sold in its boutiques were often worn by important figures and celebrities. A noteworthy detail is also that the name refers to Polish national poetry: Telimena was a well-known figure in Adam Mickiewicz's *Pan Tadeusz*. This national poem was first published in 1834 and is important for national self-understanding. Women holding the title of Miss Poland in 1957–58 and again from 1983 onwards were Telimena models.⁵³ This demonstrates that the fashion house was a high ranking producer of clothes. It seems that Telimena acted as a display window for explicitly Polish fashion.

The participation of Telimena's representative in the delegation sent to Moscow in 1961 was important for exporters. To cover the travel costs of this participant, the director of the Industrial Association of Clothing Industries (ZPO) wrote a letter to the deputy Minister of Light Industries asking for money to be allocated. The rationale for extra resources was that the Telimena collection served as a crucial advertisement for the Polish collection in the Soviet market.⁵⁴ To give the Telimena collection such importance, when there were no intentions to sell it in mass production, demonstrates that the exporters put great emphasis on the way Polish fashion was shown to the Soviet audience.

The country of origin – or even the *country brand* using present-day terminology – mattered. The Export Council stressed that the collection of different producers should be exhibited in a way that gave an impression of a unified Polish collection.⁵⁵ It seems to have been useful for the Polish export network to build up a positive image of explicitly Polish products. Since Khrushchev's *Secret Speech* in 1956, it had become permissible to build 'socialism with national characteristics' in the Soviet bloc states. As it became possible to create a Polish way of managing the planned economy, it also became possible to demonstrate differences in national production. From the late 1950s, Polish design enjoyed a good reputation, and Polish products were considered to be 'almost Western' in the Soviet Union.⁵⁶ Polish exporters aimed to strengthen and use the image of Western modernity for commercial purposes, and even to show cultural superiority over the Soviets.

Changing consumer environment

The introduction of new production and exporting procedures by Polish clothes exporters was a reaction to emerging consumption possibilities. In the late 1950s, official attitudes towards consumption relaxed in Poland. The period of 'small stabilisation' between 1956 and 1970 brought improvements in living standards and greater access to consumer goods. Despite the

cancellation of several reforms in the early 1960s, Poland was still a relatively liberal and 'open' society. Foreign arts and Western cultural trends were more widely available in Poland than in many other countries in the region. Moderate consumerism and individualism became accepted elements of Polish culture.⁵⁷ It became possible for women publicly to admit an interest in fashion and leisure.⁵⁸ The Polish clothing sector began to compete with Western clothes sent by Poles living abroad, called *ciuchy*, 'duds', which were also available at semi-official markets. In order to turn customers towards state production, fashion designers started to follow Western trends more closely and even conduct market research among customers.⁵⁹

In the Soviet Union, ordinary people also wanted and were able to dress better and with more variety. Soviet citizens had gradually turned into more fashion conscious and critical customers who actively compared Soviet designs with both other domestic and international clothing.⁶⁰ Despite major investments, Soviet clothes production in the early 1960s was unable to meet the increasing demands of Soviet customers. Soviet citizens were very dissatisfied with the domestic supply of clothes. It is possible that Polish exporters tried to fill this gap by selling ready-made clothes with an image of modern Western quality. Fashion shows were not a new phenomenon in the Soviet clothing market.⁶¹ In addition to regular fashion shows, as early as the mid-1950s, the atelier of the major state department store GUM in Moscow had display windows showing Soviet fashion.⁶² The goal of these activities was to cultivate the taste of Soviet citizens.⁶³ Polish exporters, on the other hand, had clear commercial aims in organising their fashion shows.

Polish exporters participated actively in international fairs many times a year during the 1960s. It seems that the information on both new production methods and fashion trends spread in Poland more effectively than in the Soviet Union. The Polish Chamber of Fashion, which provided information on the newest trends to designers, was located in the city of Łódź, near the ZPO and foreign trade companies.⁶⁴ Despite the fact that, in the early 1960s, the designers could not travel as extensively as in the 1970s, they were well informed about Western trends. In addition to the official channels, they read Western magazines.⁶⁵ Contemporary fashion designers said in interview that new trends were monitored and information was passed among colleagues in various informal ways.⁶⁶ Generally, Soviet clothes were considered by Polish traders, and possibly also by Polish consumers, as not as fashionable or high quality as Polish products.⁶⁷ No Soviet-produced clothes were exported to Poland, whereas the Polish clothing industry produced mainly for the Soviet market. The greater amount of Western influence in the Polish clothing sector gave the clothes exporters a significant advantage in the Soviet market.

Outcomes of the new procedure

After the great marketing tour to the Soviet Union in the autumn of 1961, Polish traders evaluated the outcomes. An Export Council meeting held in

January 1962 stated that there were no serious problems in sales to socialist markets.⁶⁸ Export to the Soviet Union was estimated to be very profitable and, in order to make it even more so, a new collection of clothes was to be prepared. It was emphasised that traders should not concentrate simply on the highest profits, but they should simultaneously take care of the comprehensiveness and attractiveness of the entire collection. Concentrating too much on details and concern to maximise profitability could cause customers to turn away from the whole collection.⁶⁹ Keeping in mind the interests of the purchasers was important and the suppliers paid serious attention to the attractiveness of the collection. All this signifies that the image of Polish clothes was important because the exporters now had real prospects to influence prices.

Did, then, the newly established marketing practices influence the outcomes of the Polish–Soviet clothing trade? In a way, they did. The level of Polish exports to the Soviet Union increased between 1958 and 1963.⁷⁰ However,

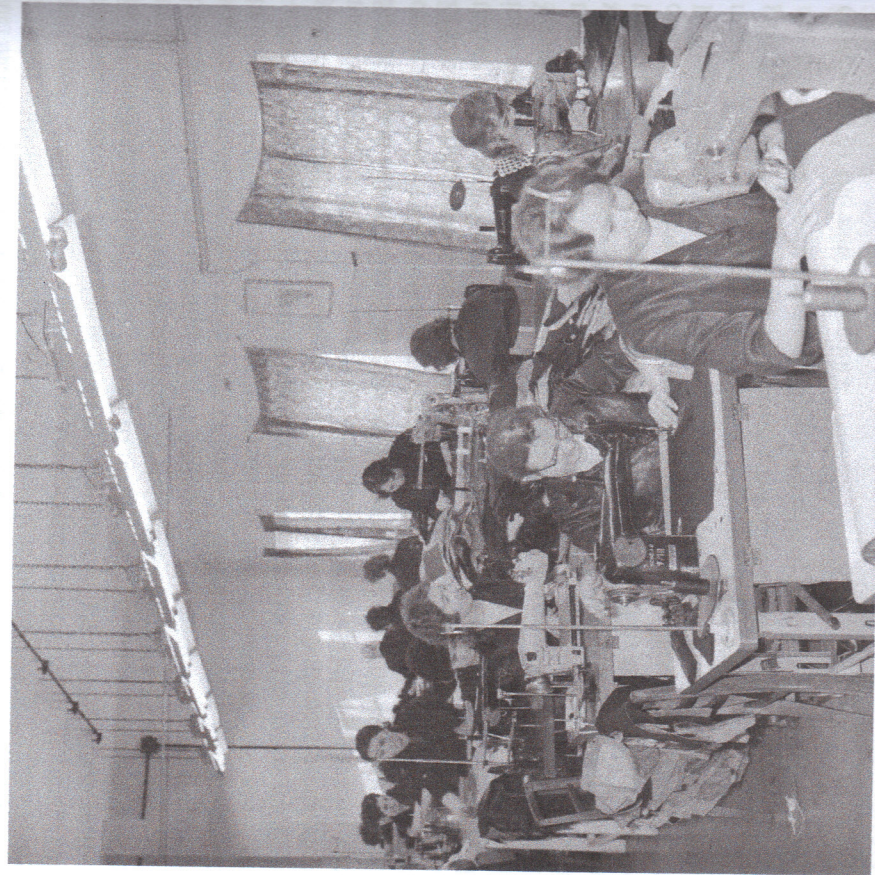


Figure 5.3 Clothes production in Poland in 1977

this trade was conducted between two planned economies. There could be several reasons, therefore, for the increase in Soviet purchases from Poland. From Polish and Soviet statistics, we can see that, from 1958 to 1963, the volume of the exchange of commodities in monetary terms increased between Poland and the Soviet Union.⁷¹ This increase was connected to the general increase in the foreign trade turnover of these countries. Poland's share in Soviet imports remained the same, around eight to nine per cent during the early 1960s.⁷² The increase in the volume of Polish clothes exports to the Soviet Union was also connected to the general increase in Soviet foreign trade. The volume of clothes exported from Poland to the Soviet Union more than doubled during the first half of the 1960s, simultaneously with the total Soviet import of ready-to-wear clothes more than doubling in the period from 1958 to 1966.⁷³

Despite the principle of bilateral barter trade, which required equal amounts of exports and imports, Polish exports were repeatedly smaller in monetary terms than Soviet imports to Poland between 1958 and 1963.⁷⁴ Thus, in order to balance the trade, there was pressure on the Polish side to increase their exports in monetary terms.

Conclusion

In the early 1960s, Polish clothes export professionals re-invented themselves as competitors, and simultaneously re-invented marketing practices as a competitive instrument. Both Polish economic thinking and the clothing sector had become more open to Western influences, and Polish clothes exporters could modify their experience to suit the Soviet market. Polish exporters began to use competitive capitalist methods in the socialist market in their own way. Whereas in capitalist competition, traders have to attract the end customers, in socialist foreign trade competition, the traders' main targets were the wholesale purchasers. Competition in the Soviet clothing market among the different importing countries focused on the prices paid for individual designs. Therefore, the major marketing activity used by Polish export professionals in the early 1960s was to create a luxurious image for the clothes produced in Poland. Exceptional brand names, such as *Telimena*, were used to enhance the image of the whole Polish collection. Competition became gradually more visible and open. By the end of the 1960s, the marketing elements of Polish export procedures had become further institutionalised.

In intra-CMEA competition, the smaller Soviet bloc states and their lower level organisations could be more effective than the larger organisations of the Soviet Union. The year 1961 can be seen as the initial phase in the establishment of new procedures in Polish clothes exports to the Soviet Union. Poland's market share increased steadily during the 1960s and, towards the 1970s, Poland became a major clothes importer in the Soviet market. Thus, Polish exporters were able to compete successfully in the intra-CMEA trade context. As the environment changed in the late 1980s, they could not, however, survive the opening up of markets to global competition.

Usually in Cold War historiography, the early 1960s are depicted by demonstrations of the mightiness of the Soviet bloc with the Cuban missile crisis, the construction of the Berlin Wall and Gagarin's spaceflight. It is worth noting, therefore, that, simultaneously, in the margins of international history, the everyday practices of intra-CMEA trade were full of competition. Concurrently, a Western kind of conceptualisation of competition was increasingly taking place inside the Soviet bloc. Thus, competition should not be seen only as a feature of a capitalist economy. There were also elements of competition in the official structures of socialist trade, not to mention the unofficial ones. Just as capitalist economic activities are combinations of individualistic competition, cooperation and state intervention, the planned economies also linked competition to cooperation in practice. In what proportions competition and cooperation are mixed in a society depends not only on the chosen political system, but also on the actual everyday practices that are connected to the cultural atmosphere and its modifications.

Notes

- 1 ZPO: Zjednoczenie Przemysłu Odzieżowego (Association of Clothing Industries) founded from 1959 to 1982. ZPO was located in the city of Łódź, one of the traditional textile industry centres in Poland.
- 2 Letter from ZPO's Department of Production to the Krakow clothing industry companies, 28 April 1961, Archiwum Państwowe (hereafter APL) (State Archive), Łódź, 39/874/0/1936, 53–56.
- 3 I.T. Berend, *From the Soviet Bloc to the European Union: the Economic and Social Transformation of Central and Eastern Europe since 1973*, Cambridge: Cambridge University Press, 2009, pp. 26, 32; Н.В. Фадеев (N.V. Fadeev), Совет Экономической Взаимопомощи, Москва: Издательство 'Экономика', 1974, pp. 5, 8–9.
- 4 R. Kaczmarek, *Historia Polski 1914–1989*, Warszawa: Wydawnictwo Naukowe PWN, 2010, p. 606; K.F.A. Fox, I. Skorobogatikh and O.V. Saginova, 'The Soviet Evolution of Marketing Thought, 1961–91: From Marx to Marketing', *Marketing Theory*, vol. 5, no. 3, 2005, pp. 283–307.
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- 9 W.H. Sewell Jr., 'The Concept(s) of Culture', in V.E. Bonnell and L. Hunt (eds), *Beyond the Cultural Turn: New Directions in the Study of Society and Culture*, Berkeley, CA: University of California Press, 1999, p. 47.

- 10 Przedsiębiorstwo Handlu Zagranicznego, CETEBE, held the monopoly for the Polish export of ready-to-wear clothes from 1949 to 1962; Centralny Zarząd Przemysłu Odzieżowego, CZPO, functioned from 1948 to 1958. See the archival materials of CZPO and ZPO, APL, Zespól no. 873 and Zespól no. 874.
- 11 J. Kaliński, *Historia gospodarcza Polski Ludowej*, Białystok: Wydawnictwo Uniwersytetu w Białymstoku, 2005, p. 19.
- 12 J. Kaliński, *Historia gospodarcza Polski Ludowej*, Białystok: Wydawnictwo Uniwersytetu w Białymstoku, 2005, p. 20.
- 13 J. Farys, *Historia Polski od 1956 do 1970 roku*, Poznań: Wydawnictwo Fenix, 1998, p. 117.
- 14 R. Stasiak, *Wstęp do inwentarza zespołu Zjednoczenia Przemysłu Odzieżowego w Łodzi [1958] 1959–1982*. Inventories at APL, (accessed June 2011).
- 15 R. Kaczmarek, *Historia Polski 1914–1989*, Warszawa: Wydawnictwo Naukowe PWN, 2010, p. 617.
- 16 J. Eisler, 'Jakim państwem była PRL w latach 1956–76?', *Pamięć i Sprawiedliwość*, vol. 2, no. 10, 2006, pp. 11–23.
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- 22 L.K. Metcalf, 'The Creation of a Socialist Trading System', *East European Quarterly*, vol. 29, no. 4, 1995, pp. 465–86.
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- 24 APL 39/874/0/1925, 2.
- 25 APL 39/874/0/1936.
- 26 APL 39/874/0/1936, 54: Letter from ZPO's Department of Production to the Kraków Companies of Clothing Industries, 28 April 1961.
- 27 J. Kaliński, *Historia gospodarcza Polski Ludowej*, Białystok: Wydawnictwo Uniwersytetu w Białymstoku, 2005, p. 40.
- 28 Interview with foreign trade expert of Textilimpex (b. 1950), Łódź, Poland, 3 December 2011; group interview with former foreign traders (b. 1930, 1931 and 1933), Łódź, Poland, 5 December 2011.
- 29 Внешняя торговля Союза ССР за 1958 год. Статистический обзор, Москва: 'Внешторгиздат', 1959, p. 128; Внешняя торговля Союза ССР, 1963, pp. 71, 127, 157; Внешняя торговля Союза ССР за 1964 год. Статистический обзор, Москва: 'Внешторгиздат', 1965, pp. 94, 233; Внешняя торговля Союза ССР за 1966 год. Статистический обзор, Москва: Издательство 'Международные отношения', 1967, pp. 115, 262.

- 30 R.W. Stone, *Satellites and Commissars: Strategy and Conflict in the Politics of Soviet-Bloc Trade*, Princeton, NJ: Princeton University Press, 1996, p. 33.
- 31 Внешняя торговля, 1963, pp. 71, 127; Внешняя торговля, 1965, p. 94; and Внешняя торговля, 1967, p. 115.
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- 33 K. Lesiakowski, 'Strajk robotników łódzkich w lutym 1971 roku', *Pamięć i Sprawiedliwość*, issue 1, 2002, pp. 133–42; APL 39/874/0/1925: Minutes no. 2/III/61 of meeting of Ready-to-wear Clothes Group of the ZPO Export Council, 17 March 1961, p. 5.
- 34 APL 39/874/0/1946: Report of a commercial delegation concerning trade negotiations in the Soviet Union, 7 June 1967.
- 35 R.W. Stone, *Satellites and Commissars: Strategy and Conflict in the Politics of Soviet-Bloc Trade*, Princeton, NJ: Princeton University Press, 1996, p. 65.
- 36 Taking into account censorship, the way the concepts are explained in encyclopaedias represents the official perception. Thus, the absence or presence of certain concepts can also have political meaning, and the 'correct' interpretation of certain difficult concepts can be hinted at by using positive or negative adjectives. See Władysław Kopaliński, *Słownik wydarzeń, pojęć i legend XX wieku*, Warszawa: Wydawnictwo Naukowe PWN, 1999, p. 472; Zdzisław Zblewski, *Leksykon PRL-u*, Kraków: Wydawnictwo Znak, 2001, see *współzawodnictwo pracy*, p. 180.
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- 42 AAN 2/351/3/2: Minutes of VI meeting of the Advertisement Council, 11 January 1963.
- 43 See, for example, the works of K. Białecki, *Polityka reklamowa w eksporcie, eksportowego*, Warszawa: Państwowe Wydawnictwo Ekonomiczne, 1966; *Elementy marketingu* in 1970 and 1977; *Podstawy reklamy eksportowej*, 1968, republished in Planowania i Statystyki, 1969.
- 44 K.F.A. Fox, I. Skorobogatykh and O.V. Saginova, 'Soviet Evolution of Marketing Thought 1961–91: From Marx to Marketing', *Marketing Theory*, vol. 5, no. 3, 2005, pp. 288–89. See also chapter 2 by A. Kähönen in this volume.
- 45 K.F.A. Fox, I. Skorobogatykh and O.V. Saginova, 'Soviet Evolution of Marketing Thought 1961–91: From Marx to Marketing', *Marketing Theory*, vol. 5, no. 3, 2005.
- 46 K.F.A. Fox, I. Skorobogatykh and O.V. Saginova, 'Soviet Evolution of Marketing Thought 1961–91: From Marx to Marketing', *Marketing Theory*, pp. 284, 294–95; and K. Białecki, *Polityka reklamowa w eksporcie*. Marketing was also practised to some extent in Soviet tourism from the early 1960s. In the West, one of the first analyses on marketing in the socialist states was published in 1961, and further studies and guidebooks were published from the mid-1970s. See, for example, S. Salmon, 'Marketing Socialism: Inturist in the Late 1950s and Early 1960s', in A.E. Gorsuch and D.P. Koenker (eds), *Turizm: the Russian and East European Tourist*
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- 50 APL 39/874/0/1936, 116: Letter from ZPO to the Central Laboratory of the Cloth Industries, 4 May 1961.
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- 59 A. Pelka, *Teksas-land: moda młodzieżowa w PRL*, Bratislava: Trio, 2007.
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65 A. Pelka, *Teksas-land: moda młodzieżowa w PRL*, Bratislava: Trio, 2007.

66 Group interview with fashion designers (b. 1943, 1947 and 1949), 30 June 2011, Łódź, Poland.

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68 APŁ 39/874/0/1925, 28; Minutes No. 5/1/62 of meeting of Ready-to-wear Clothes Group of the ZPO Export Council, 24 January 1962.

69 See, for example, Główny Urząd Statystyczny Polskiej Rzeczypospolitej Ludowej (GUS), *Statystyka Handlu Zagranicznego: Obroty Handlowe Polski z Poszczególnymi Krajami 1958*, Zeszyt 21; *Statystyka Polski*, Warszawa: Nakładem GUS, 1959, p. 55; *Statystyka Handlu Zagranicznego 1964*, Zeszyt 108; *Statystyka Polski*, Warszawa: Nakładem GUS, 1965, p. 104.

70 GUS 1959, pp. 60, 63; GUS 1965, 74, 77.

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6 Hotel Intercontinental in Bucharest

Competitive advantage for the socialist tourist industry in Romania

Elena Dragomir

From the early 1960s, the Romanian authorities struggled to transform Romania into an attractive tourist destination for foreign visitors, especially those from the West, in connection with their long-term aim of improving the state's balance of payments by accumulating hard currency. Attracting a significant number of Western tourists was not an easy task to accomplish. Western interest in Romania, a socialist country, was low, and Romanian legislation did not encourage tourist travel to Romania. The country lacked the necessary infrastructure in respect of tourist concerns for safety and security, health and hygiene. In addition, Romania could not boast of many natural and cultural sights that were considered to be comparable to most other European destinations.

After a series of independent attempts to improve the international competitiveness of tourism, the Romanian authorities decided in the late 1960s to seek Western guidance and models. The project to build an Intercontinental Hotel in Bucharest was one remarkable example in this regard. Inaugurated in 1971, the hotel rapidly became an exception within the local tourism sector, being economically profitable.¹

In the mid-1960s, Romania decided to enter the world tourism market and to compete not only with Yugoslavia and Bulgaria, but also with countries such as Italy, France, Spain and Greece. Regarding East–West competition, officially, the Romanian authorities supported the superiority of the Eastern bloc but, behind the scenes, in preparing to compete with the West, they acknowledged that Romania needed a Western model. Using the best hotel in Romania as a case study, this chapter investigates how the Romanian authorities prepared for this competition and the overall results of their endeavour.

Focusing on the Intercontinental Hotel (IH) in Bucharest, this chapter first addresses the question of why the Romanian authorities accepted the American proposal to build an Intercontinental Hotel in Romania in the late 1960s, and argues that the implementation of the IH model in Romania was an implicit acknowledgement of the failure of the centrally planned economy. The second section examines the way in which this Western model was corrupted by the practices of the socialist society. The following three sections provide explanations for why the IH had little influence on improving the overall Romanian tourist sector.