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40 Years of Communism

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MSZMP Task Force Critiques 40 Years of Communism in Hungary; Calls 1956 'Popular Uprising'

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'OUR HISTORICAL ROAD'

[Text]

The Task Force's Standpoint on the Historical Antecedents to the Current Situation [preface]

The 15-member committee, commissioned by the Central Committee and lead by Imre Pozsgay, was given the task of analyzing the history of the past decades, evaluating the development of the present situation, and of working out a new platform. The results of its work will be debated at the 14th congress. Four task forces were set up. The first 4-member task force (I was appointed its chairman) was to examine the historical background of the past decades.

Obviously, this work could take several years of research in domestic and foreign archives. All that we could undertake now was an attempt to make an evaluative sketch of the processes of that period on the basis of historical research already done, of available documents, and of the most important archival sources not yet researched. We want to publish the results of our work in two documents of different size. The following, shorter study is an attempt to sketch the main processes and emphasize the main facts and turning points, without any detailed documentation. (However, a two or three times longer, more detailed version is also being prepared.)

We do not consider the work for this study completed. Further work is required, first of all for a more detailed examination of the international connections, and second for a description of certain questions of the socio-political processes. I presented the second version of this present document to our committee for debate, and the committee thought it should also be brought before both experts and a broader public for debate in its present form before finalization, so that the results of that debate could be incorporated into our final standpoint prior to being forwarded to the Central Committee.

Ivan Berend.

Introduction

Grave economic, social, and political problems were accumulating in Hungary by the second half of the 1980's: a general crisis was unfolding. At its center stood our failure in adjusting to the dramatic structural change in world economy and the technological revolution. Consequently, contrary to the earlier trend of closing the gap, a rift occurred, accompanied by huge debt and lack of balance. Inflation accelerated dangerously, and real wages kept decreasing.

All this put the cultural, scientific, and artistic spheres in an increasingly difficult position. The real value of state subsidies decreased significantly (while other sources of finance were still practically nonexistent). This was the main reason for the reforms announced in this area (training and education) not being realized and being

halted without an extensive period of cultural revolution ensuring a new way to continue development. The withdrawal of state subsidies from the arts and public education made the earlier value principles increasingly illusory. Marketing culture did not emerge as an expansion of resources or as liberalization but as a transferred burden, which was accompanied by a commercialization of values. Shifting cultural (and in part educational) expenses to the consumer fostered a resurgence of inequalities and lack of cultural demand, undermining the socialist principles of justice and equal opportunity.

The general decline in pay and prestige for intellectual work partly hindered the development of important attractive branches, and partly made the lack of demand a norm, alienating a significant part of the liberal intelligentsia, especially the young generations.

All this led to social discontent pervading all social strata, particularly the intelligentsia, especially the young intelligentsia, and to the disintegration of an earlier public consensus. In the past 15 years, and particularly in the last 5 years, a large part of the population has lost its trust in the government and doubts that it is capable of finding a way out of the difficulties. This became the cause for the crisis in trust and politics. The situation has been aggravated by certain previously professed values and principles of socialism losing their validity, or rather, failing to be realized, and this has resulted in undermining the belief in socialism itself, especially since the crisis has not been limited to Hungary alone but has encompassed the entire socialist world and the communist movement.

These phenomena in the power structure of the one-party system and the connected hegemony of Marxist-Leninist ideology led the MSZMP [Hungarian Socialist Workers Party] to a power, moral, and ideological crisis. Time has irreversibly eroded, and the development of the social sciences has surpassed, the validity of the doctrine that has been incapable of a complete separation from the Stalinistic interpretation of socialism and the justification for corresponding political structures. The ideology, bound to the ruling parties and remaining mostly untouched because it was held inviolate, became incapable of providing answers in the climate of crisis phenomena and ultimately contributed to a legitimate power crisis. This is unequivocally indicated by the spectacular resurrection of previously restricted spiritual currents which, in the climate of growing publicity itself, promotes the heightening of chaos and the feeling of crisis.

The direct causes of these processes can be sought in the objective results of the structural crisis in the world economy unfolding after 1973, or rather, in the shortcomings in adjusting to these results, in the mistaken and one-sided defense tactics, in the debilitating lack of action, and in the unchanging old, bad habits that prevailed despite the recognition of what needed to be done. The denial of facts and the rigid refusal to face reality (including even the censorship of the word 'crisis') also contributed considerably to the crisis. These

mistakes became more pronounced after 1985 when the lack of adequate action, i.e., the proclamation of a voluntary break away path, peculiarly coincided with the unfolding of Gorbachev's historical glasnost and perestroika in the Soviet Union, which elicited the feeling and belief in the great majority in Hungarian society that the earlier burden of limitations had been removed, and which supported the demand for faster and more radical restructuring in Hungary.

The demand for excellence and expertise increased in value in the midst of grave problems and at the same time strongly illuminated prevailing mediocrity and its connection to the political structure. Personal factors came to the foreground, including the political model's detrimental concentration on one-man power and the connected cadre policy that ignored competence and aptitude. The ineptitude of many leaders (at various levels) became apparent in the climate of econosocial difficulties and increasing publicity and turned into an important factor in the crisis of trust and legitimacy. The party membership and the public demanded the replacement of officials, but the political leadership considered its own stability a guarantee for general stability.

Thus the crisis began after 1973 and, after a latent period, became evident in 1985. All this would remain incomprehensible, however, without definitive antecedents. For actually the crisis that has been unfolding during the past 15 years has brought to light the crisis of the East European model of socialism, also operative in Hungary. And this extends back to earlier historical antecedents, i.e., partly to the development of the East European model of socialism, partly to its introduction in Hungary and the methods of solving the crisis of 1956.

The analysis of the causes of this crisis situation would consequently be misleading if we were to fall into a historical reasoning trap and try to identify the causes by showing one or another historical trend, inherent in the historical processes but isolated from the complex texture of reality. On the contrary, we must analyze the layers of history and the multidirectional connections between complex processes, for only within this setting can we look at the events of the past 15 years with historical objectivity.

Accordingly, our starting point will be the dual historical legacy of the prewar period, the development of the practical model of socialism later also transplanted to Hungary and its economic, social, and political structural antecedents, during which the endeavor to implement the socialist model began.

CHAPTER I

The Dual Historical Legacy of the Socialist Transformation in Hungary

The socialist model, in particular the Stalinistic form of the two decades between 1928 and 1948, considered

compulsory also in Hungary from 1948 onward, was developed and received ideological sanctioning in the Soviet Union. This model itself had a dual origin: the Marxist-Leninist theory, or rather, the ensuing socialist movement, and the characteristic effects of Russian history. Therefore, the social system we are concerned with emerged first as a theory and later was organized in terms of that theory into a movement and party, changing into practice through the victory of the revolution led by this party. (The latter phases were also strongly influenced, however, by the climate of Russian social realities.) On the basis of conclusions drawn from the analysis of capitalism typical of the mid- and late-19th century (i.e., the historical possibility of eliminating its contradictions), Marxist theory, built on contemporary science and world view, predicted a classless international society of social equality based on public ownership in which the proletariat, organizing itself into a public power, creates the conditions for the individual's free development, the elimination of the differences between city and village, and a collective work society. Although socialism, the first station in the change from capitalism to ideal communism, still bears the marks of its origin and cannot yet meet the needs of society's members, it approaches it on the basis of their performed work and by means of direct distribution. The first and particularly joint steps taken on this road as a result of the international proletariat's struggle were by the most developed West European countries. At the same time, Marx and Engels pointed out that local and isolated attempts to attain communism, especially in undeveloped countries, were endeavors sentenced to fail because of "consumer communism" and the equalization of poverty.

Social democracy, which was organized in the spirit of Marxist ideals around the turn of the century, and which became a mass movement first of all in Germany, became polarized. Of course, Marxist theory could not answer questions raised by capitalism's new phenomena. The Bernstein wing of social democracy, considering capitalism's new phenomena and the parliamentary possibilities of social democracy, rejected the goals of the revolution and the dictatorship of the proletariat and, positioning itself on a civil and social-liberal policy of concessions won within capitalism, announced its program of Marxism's revision. Despite its orthodox Marxist origin, the centralist trend, hallmarked mainly by Kautsky, Hilferding, and Austro-Marxist names, arrived at the concept of "ultraimperialism" and "organized capitalism," by which socialist principles could be attained by the transformation of capitalism won through political struggle based on socialist mass movement.

These two theories ultimately served as a basis for the policies of European social democratic parties coming to power after World War II.

It was in early 20th-century Russia where the bolshevik (communist) faction of the socialist movement emerged, responding to the phenomena of capitalism's new development with Marxist theory and party organization

adapted to European underdevelopment. It was this movement which worked out, primarily through Lenin, the possibility of a victorious proletarian revolution in underdeveloped countries, in the climate of imperialism's disparate trends of development, and which envisaged leading the backward, half-feudal, and autocratic regimes to socialism through permanent revolution and a worker-peasant democratic dictatorship. In the backward atmosphere, the initial period of "transition within transition" to socialism, eliminating backwardness and developing democratic conditions, will lead to a further socialism, the implementation of which will be possible only in international dimensions, inspired by the revolution initiated in backward countries and by imminent revolutions in the developed countries. Contrary to western social democratic mass parties, the revolution of the backward country, "the weakest link of imperialism's chain," is a vanguard type, prepared for illegal struggle and heavily conspiratorial, and can be prepared only by a nearly paramilitary and hierarchically organized elite party which "introduces" the theory to the movement of the masses, revolutionizing the proletariat.

After the October 1917 victory of Russia's Bolshevik Revolution, the Trotskyist left wing of the Bolshevik Party emerged during the "war communist attempt," which was forced but not lacking in doctrinaire endeavors and, following its defeat, in the realistic but short-lived period of the NEP [New Economic Policy], which partly rehabilitated the market and private ownership. That announced a program of "capital accumulation of socialist origin" which was based on resolute coercion, on the exclusion of the market, and on central planning. "Ransoming the peasantry," and stepped-up industrialization financed with these ransoms, were designated as the only possible socialist policy for a transition to the implementation of socialism in this backward country of mostly peasants.

Beginning in 1928, Stalin, building his absolute power, actually began the ruthlessly consistent implementation of the most extreme platform following the destruction of the Trotskyist wing and the crushing of the Bukharin group, which supported the continuation of the NEP and which were later labeled as right-wing opposition. This is how he envisioned the implementation of his thesis announced in 1924, namely, the completion of socialism in backward peasant Russia. In the Stalinistic "command" model of socialism, which deviated from all Marxist antecedents, the implementation of socialism in a single and underdeveloped country was not only judged but even proclaimed possible in 1936.

In Stalin's system the ideal of internationalist communism was changed into a program of relentless imperial modernization. He subordinated everything to the quickest possible industrialization. In the given historical environment, this served primarily the military buildup of the industrially underdeveloped country, within the framework of an autarkic war economic structure adapted to this goal. The complex and humane

Marxist view of socialism and communism completely disappeared in the shadow of these central endeavors. Instead of freedom, the extensive development of society and the individual, and a more democratic sociopolitical system, a system of bloody dictatorship and bureaucratic centralization, an all-pervasive state organization, a dictate for everything from the economy to the arts, and intimidation and reprisal, accompanied by extreme social equalization and supplemented by behind-the-scenes privileges of the exempted power elite was developed. Through extreme sufferings and superfluous sacrifices and destructions, this consistent system truly prepared the Soviet Union for World War II. The Soviet Union passed the power test of modern war and in a few decades even emerged as a superpower.

The model of industrialization and modernization and the system of centralized war economy no doubt provided new possibilities for backward peasant countries, for they could show a ruthless "primary accumulation" and, through maximum centralization, a rapid increase in the volume of industry. On the given level of development and under the given historical circumstances, these advantages of the model pushed the marketless system's inherent insensitivity toward demands in technology and quality into the background for a while, making it appear an "affordable price" to pay, and covered up, in the shadow of transient revolutionary enthusiasm and more permanent dictatorial coercion, the accompanying lack of interest, waste, and decreasing quality. Similarly, during the years of industrial breakthrough, extensive upsets of input-output balances (the incentive for a one-sided increase in industrial output), and the consequences of the concentration of resources at the loss of infrastructural sectors and agriculture, could be considered the model's tolerable side-effects.

For a while, this model's sociopolitical side and dictatorial character, and the sacrifice of individual rights on the altar of "communal interests" as defined by the power, could be explained in many people's eyes in terms of the revolution's great objectives, its social transformation, and justice. But through Stalin, the Soviet model of socialism took on the garb of eternal theory and compulsory Marxism. Deviation from the model, which was declared an example everywhere at all times, meant expulsion from international communism; its enforcement, on the other hand, was considered a requirement for communist internationality. The model containing temporary possibilities under given historical circumstances became, with unconditional and lasting application, stiffening, and the hindrance of deviations at all cost, a fatal mistake leading to the forcible establishment and maintenance of uniform systems which ignored the real conditions, and which were planned according to a central "pattern".

Yet this model soon became a compulsory prototype of social, economic, and political transformation in the countries, including Hungary, liberated from Nazi rule by the Soviet Union after World War II.

Of course, this model could be forced upon other countries, as it actually came to be, through political and military pressure. But mass support and enthusiasm over its introduction could not have been attained without its promise of providing solutions for several important questions raised to the underdeveloped countries by history. Namely, one must take into consideration that there was no other model for rapidly catching up available to the agrarian-peasant countries, which remained underdeveloped until the mid-20th century. The Soviet model that passed the war's economic test was revalued internationally, and many of its elements became attractive. It had an indisputable effect in the area of economic policy, resulting in the Keynesian policy of state interference, on capitalist countries, which in many instances adopted important elements of Soviet practice (from building a significant state sector to the introduction of five-year plans) after the war. And the countries striving for socialism saw the Soviet model almost as a natural solution. Even countries like Yugoslavia or China, which emphatically choose their own way, opted for this model. (Tito was the first to do so in this region in 1946-47, despite Stalin's strong protest, voiced in view of the given international political situation.)

The Hungarian Communist Party identified with this model, all the more so because it offered a way to modernize the country and remedy its inherited underdevelopment. It promised, above all, to crush the highly polarized, hierarchical caste society remaining from the former "gentry society," and to elevate one-third of the population living on the margin of society; in short, it promised an attractive possibility for social justice.

It also promised economic modernization. In the mid-20th century Hungary stood at the lower midlevel of European development. Its per capita national revenues reached 70 percent of the European, and 25 to 33 percent of the West European average. Its industry, which was built during the century of capitalism and which in some areas was highly developed and modern, was of small volume. Hungary did not join the ranks of industrialized countries; 37 percent of its national revenues came from agriculture (employing almost half of the labor force) and 35 percent from industry (with one-fourth of the labor force). Accordingly, Hungary remained a country with an overwhelmingly peasant population, with only 38 percent of the populace living in cities. The Trianon Peace Treaty resulted not only in grave sociopolitical consequences but also in new economic conditions that required extremely difficult and slow adjustments and adversely affected the decades between the two world wars.

The modest steps taken in modernization were accompanied by a slackening in population growth. As opposed to the 1 percent net annual population increase before World War I, the increase slowed to 0.9 percent in the 1920's and to 0.7 percent in the 1930's. Compared with international achievements, an increasing lag emerged in

the reviving infrastructure based on 20th-century technology. Transportation, for instance, was hardly developed beyond the level of the previous period; the steam engine and the automobile were practically nonexistent. On the other hand, the program of electrification and building hospitals and schools was taking huge steps forward. In spite of this, Hungarian education showed marked backwardness; compared with international trends in mass secondary and higher education, even secondary education remained an elite education (of high quality, to be sure) in Hungary, comprising only 10 percent of the appropriate age group. University education, both in terms of volume and structure, failed to meet the century's demands. Available only to 1.5 percent of the corresponding age group and providing training in law and theology to 40 percent of the student body, it could at best replenish the personnel in public service and perhaps the health and school systems, but could meet only a small fraction of a modern society's economic demands.

The marked backwardness in education and on the cultural front in general, typical of very peripheral countries, were closely connected to the characteristic backward features of Hungarian society. Partial urbanization preserved society's dual structural elements: the powerful landlords of feudal origin were separated from the new bourgeoisie at the top of the hierarchy, just as the extremely close circles of the modern urban middle class were separated from the one-time gentry in society's middle spheres, or as the workers' class, characteristic of capitalism, was separated from the peasantry which still carried the remnants of feudal limitations. And in spite of its internal differentiation, the latter was still excluded in its entirety from middle-class society, its ways of elevation and urbanization cut off, a characteristic of the so-called gentry societies. There was little "crossing" between the large social classes and the separate strata. "Mixed marriages," even between the peasantry's individual strata, were rare. The separation of the "lower and upper ends" of villages signified a division in Hungarian society through birth rights. The lack of mobility, even locally, remained characteristic.

In the political system, all this was accompanied by a lack of delegation and by rigid authoritarianism. The Horthy-Bethlen regime, growing out of the counterrevolution and successfully stabilizing itself, created an order of power in gentry society. This power, which was heavily centralized and markedly dictatorial in some of its phases, guaranteed the rule of the given governing party. The existing parties and the National Assembly, which was created through a mostly open ballot and a very restricted electoral system, did not meet the demands of a civil democracy either. (Incidentally, in this country of peasant majority, the peasant parties were forced out of politics in the course of the power's consolidation; they were reorganized only in the thirties.)

The counterrevolutionary regime was able to make use not only of society's dual structure but also of the

inorganic spiritual-cultural pluralism, inconsistent with itself and reflecting precapitalistic segmentation, in which many currents and endeavors existed simultaneously, almost without contact. Medievalist ideology and cultural fossils coexisted with highly developed, modern schools of science and art. Modern western sociopolitical thought was surrounded by strongly conservative and nationalistic ideologies. Through the isolation of divided progress (popular, urban, socialist, and communist factions), the ruling power elite successfully integrated this inconsistent pluralism, related to backwardness, into the conservative ideals of Christian-national-irredentist ideology, thus assigning legitimacy to its power. Nationalism and irredentism, aroused by World War I and then by the Trianon Peace Treaty, were the true "miracle weapons" of the government's official ideological arsenal, which it used with success, creating a climate favorable to extreme right-wing ideals, especially in the Hungary of the 1930's.

This ominous historical legacy was then greatly aggravated by the tragedy of World War II, by the consequences of a partial border revision carried out with Nazi help, by the deforming effects of a lost war, by anti-Semitism that culminated in massacres, by the short-lived and bloody rule of mindlessly raving Hungarian fascism, and by the death of almost 1 million people, not to mention the excessive material losses caused by 6 months of financially damaging frontline battles. Fifty percent of the railroad system, 35 percent of the bridges, 50 percent of the animal stock, 24 percent of the industrial capacity, altogether one-third of the national assets were destroyed and, in addition, war damage compensations in the amount of 300 million dollars had to be paid. This chaotic situation was further aggravated by the exodus-like wave of relocations affecting some 650,000 to 700,000 people and by the absence, until 1948, of 300,000 prisoners of war. All this magnified the burdensome legacy of low midlevel development. Hungary had reached one of the lowest points of her turbulent history.

Historically, and at the same time uniquely, the appearance of the Soviet army combined military defeat with not only the complete downfall of the old ruling classes and power elite but, since most of them physically disappeared or fled, with the possibility of creating new conditions for sociopolitical power.

It was precisely this social landslide at the end of the war that amplified the effect of Hungarian social progress which was decimated and silenced between the two world wars. The two post-World War I revolutions and the organized workers movement that survived the severe reprisals following the defeat of the Soviet Republic became the sources of important continuities, despite their perspective of a quarter of a century. With the collapse of the counterrevolutionary system after the war, the organized workers and the social democratic movement, significant all the while, and the illegal Communist Party, small in number but ready to fight, promised a moral strength greater than their number and

organization, a consistent platform, and a new socioeconomic alternative, presenting themselves as the most active force of national resurrection.

Hungary's postwar historical processes were determined by all of these antecedents.

CHAPTER II

The Characteristics and Effects of Socialist Transformation

The System of the People's Democracy, 1944-47

Following the liberation, a revolutionary-democratic sociopolitical change took place in Hungary. The presence of Soviet troops and the Allied Supervisory Committee provided assurance for a consistent denazification and against possible attempts to restore the old power system. This opened the door to the internal progressive forces which had been suppressed till then and which could fight for the envisioned new society with a moral and political strength greater than their number. As opposed to most European countries, all legal continuity ended and the Provisional National Assembly, rallying the democratic forces, changed to the power that created a new source of law.

Spontaneous self-organization created an entire institutional system of people's power organizations. Local, city, and village power organizations, national committees, village land distribution committees, and factory committees, which took over and opened factories that often remained (at least temporarily) without an owner, represented the promising possibilities of a democratic people's power. Democratic parties, pushed into opposition or illegality during the Horthy regime, rapidly recovered, standing alone now in the political arena, without the parties of the old ruling classes. The purging of the state apparatus and the creation of new military and police forces, free elections, land distribution based on broad public consensus, the unaided braking of postwar hyperinflation, and, by European standards, the spectacular success of reconstruction were testimony to the rise of true mass forces. The legal institutionalization of a people's democratic transformation also began, signified by the proclamation of the People's Republic, the enactment of human rights, and the sanctioning for possible violations. The explicit pluralism of public life and politics also included the press and served to assure the control of wide publicity. This was the new possibility, emerging beside the preserved earlier cultural and ideological spectrum, strengthened for the purpose of progressively homogenizing the inconsistent intellectual-cultural pluralism. Since the conservative-nationalistic ideologies were compromised in the war's aftermath and most of their representatives had fled, it seemed that emerging left-wing progress would be able to rid itself of internal disunity and create new intellectual cohesion.

There was consensus on many essential issues in the left-wing camp, namely, in the anti-clericism directed against the excessive spiritual and political influence of the churches (especially of the Catholic Church), and in the struggle for the democratization of culture and the cultural elevation of the masses, manifest in school reform and free education. Known personalities, such as Gyorgy Lukacs, were living guarantees for the implementation of an intellectual-cultural people's front in the communist movement, by striving to assure a leading role for the Marxist left wing in the intellectual field of the partners. The ensuing coalition government system, which affirmed its commitment to common goals even in intellectual matters, and which indisputably gained its cohesion from outside factors, proved viable.

That is to say, the adaption to international political realities, unanimously accepted by the participating social forces and parties, created the basis for a political coalition. The system of the European zones of occupation (and the tacit spheres of interest), based on big-power agreements, also determined Hungary's European affiliation and the direction and internal processes of her orientation in foreign policy. This circumstance greatly increased the influence in domestic policies of the Hungarian Communist Party, belonging to the international communist movement lead by the Soviet Union, assuring it a greater role in the coalition than its actual mass support would have warranted, and creating from the very beginning the possibility of seizing key positions in the machinery of oppression.

The social democratic and communist parties agreed on almost all principal issues of sociopolitical struggles and tasks. These two workers' parties concentrated their power on the capital city and industrial centers, i.e., on politically decisive areas.

The special situation of minority, but highly organized, communist and other left-wing social forces, strengthened by Soviet military and political presence, made their special activities and their role of initiative and thrust possible, and they became an important source for the plebeian democratic transformation's rapid successes.

Moreover, one must not ignore the fact that the bitter experiences of the 1930's and World War II, the Weimar Republic and mankind's tragedy, entailed a worldwide disillusionment with traditional democracy. Trust in state intervention, the demand for nationalization, and, on the whole, the international role of the various socialist trends increased.

However, the increased chances for left-wing progress resulted in Hungary in the possibility of power abuse, of employing uncontrolled reprisals, in some cases, that is, of violating democratic government activity. This emerged after the liberation almost without delay, manifest everywhere from local excesses of reprisals and abuses to the unlawful actions of internal security organs (not to mention the unlawful "solutions" of conflicts

within the communist movement and the showdown with the so-called factions of the earlier illegal movement). On this basis, unlawfulness could become a weapon of political coalition struggles. Fabricated legal proceedings, "settling" differences of political opinions by police and court action, were included in the arsenal of "salami politics" which wiped out the coalition and played a role in weakening the Smallholders' Party leadership by "uncovering its conspiracy" (sometimes by exaggerating a grain of truth), in subverting the party, in the unlawful removal of party leader Bela Kovacs, and in the struggle against the church.

The recovery of the badly deteriorated Hungarian economy undoubtedly gained great momentum through the economic policy of the deliberate and responsive left wing. Reconstruction began first through the (war economy) mechanism of modern capitalist state intervention but very soon continued in the order that kept the ideal of the Stalinist Soviet economic model in view, with the objective of gradually implementing it. One result of financial stabilization was that during 1946 an economic system, reminiscent of state capitalism, was developed, in which many important elements of planning and wage and price control were implemented, and in which the market was limited and partly replaced with state allocations. A gradual nationalization of the economy's key positions began. (During 1946-47 the mines, the four largest heavy industrial bases, and the ten largest banks and their industrial affiliates came under state control, i.e., state ownership.) All this was supplemented in agriculture by an individual commodity-producing peasant economy, emerging in the spirit of equalization, i.e., the tendency of the so-called "middle-peasantizing," that took place in the aftermath of land distribution.

But small property remained predominant in the country. Almost the entire output in the agriculture and the service industries (especially commerce, repair and construction activity), and 25 percent of industrial production (with 40 percent of the workers), came from small plants.

The 1947-48 Turnabout and the '1950's'

The transformation of the people's democratic formation, i.e., of a "plebeian" revolutionary democratic sociopolitical system, and the demand for implementation of open socialist change were put on the agenda in the second half of 1947.

The background and starting point for this is found in the disintegration of the wartime big-power alliance system. The extensive changes in world politics resulted from the fact that, after the defeat of Hitler's fascism, considered to be a common enemy, the anti-communist and anti-Soviet western forces, dominant between the two world wars, demanded a return to their earlier political systems. (Churchill's Fulton speech in 1946 played an almost symbolic role in this.) American nuclear monopoly bolstered these political and even military endeavors explicitly inspired by the Soviet

Union which, unlike the economically and militarily extremely strong United States, was drained, destroyed, and exhausted. The success of this policy was helped in no small degree by the Soviet Union's endeavor to build a sphere of influence, which was also connected with the defense reflexes of Stalinist-Molotovian foreign policy, around its western borders. Europe's division into zones of occupation, determined by and included in big-power agreements in the interest of defeating fascism, became solidified into permanently separated power spheres of influence. The German question elicited increasing conflicts, and the talks between big-power foreign affairs ministers became gradually stifled by mutual rigidity and non-commitment.

Great Power cooperation was changed to conflict which threatened cold war. Just as the errors of both parties were instrumental in its unfolding, the actions of the opposing Great Powers strengthened each other even in their response to the ensuing situation. The rigid Soviet response to the Cold War, which soon shunned talks and focused upon adequate preparation for World War III, became a decisive factor for Central and Eastern European democracies. Within this framework, Stalin initiated a policy of rapid and aggressive building up of camps.

The Information Agency, established in 1947 in accordance with the Stalin-Zhdanov decisions, declared the world's permanent "division into two camps" and the inevitability of war as the uniform view of the communist parties. In reality, the Great Power military presence in Europe, continuing even after the peace treaty, and the excessively intense American-Soviet Cold War confrontation bisected Europe, hermetically isolating its eastern and western halves from one another. The Great Powers in both zones wanted to make their influence unequivocal.

The borders of the socialist countries were hermetically sealed and the falling "Iron Curtain" came in very handy for certain military and political circles in the United States for stabilizing their presence in Europe and for strengthening their status as leading power and protector of the "free world".

Because of the lure of intensified confrontation on internal policies, forces that were incompatible with the prevalent political endeavors were not tolerated within the two opposing blocks. Although this meant different things in terms of methods and consequences, the crushing of civil-democratic forces and parties (by publicly discrediting their representatives) east of the Elbe River, and the ousting of the communist parties from the government coalitions of West and South European countries, still took place simultaneously. Through direct dictates, directives, and pressure, the Stalinist policy forced an immediate change in the socialist camp. Rakosi's party leadership hailed this change with unrestrained enthusiasm and implemented the crushing of both the opposition and coalition parties. Virtually "nationalizing" the traditional trade unions and operating them as the party's "transmission belts," they destroyed their

image of safeguarding the workers' interests and self-organization. Copying the Stalinist model, the building of a monolithic power and institutional system, in which organizations and political processes controlled from above permanently took the place of emerging social entities organized from below, began rapidly after 1945.

The extremely servile copying of the Soviet model entailed the transplanting of imported institutions that had no traditions in Hungary (including several which were handed down not by the October Revolution but by the traditions of the old czarist institutions). The span of copying every detail included military uniforms (adopting the characteristic Russian jacket and the czarist shoulder boards), the form of the [national] emblem, the system of tractor stations and planning, and the ministerial institutions. The elimination of the separation of legislative and executive power and the abolishment of the constitutional state were coupled with the criticism of "formal democracy," built on revolutionary slogans.

The transplantation of the Soviet model was accomplished at the explicit demand of the Stalinist leadership, and both identifying this system with socialism and striving for security in imperial politics played a role in it. The fact that Stalin did not allow any deviation from his camp-building policies and demanded absolute obedience was made evident by his campaign in the spring of 1948 against Yugoslavia, or rather, Tito. This served as notice for the party leaders of all countries in the region.

However, local overzealousness (arising partly from fear), attempts to earn the title of "Stalin's Best Pupil," and the similar overzealousness of those on the lower steps of the internal hierarchy, played no small role in the extremism in copying the Soviet model. Thus the Stalinist policy, which in itself violated national sovereignty, was amply supplemented by the excesses of Rakosi's party leadership which had no interest in national sovereignty. (None of this is mitigated by the fact that this phenomenon occurred in the neighboring countries with ghastly similarity; on the contrary, the role of external pressure is emphasized.)

The primitive cult of Stalin and Rakosi unfolded as a grim concomitant of this policy, serving as a frame, so to speak, for the latter as a whole: the ritual-religious reverence of the "wise, all-knowing, all-showing" leader with superhuman attributes, the frenetic applause, the compulsory expression of enthusiasm and optimistic belief. A system of unabashed personal dictatorship was being built behind the personality cult.

As a decisive element of transformation, the "unification" of the workers' parties in the summer of 1948 served as a legal basis for Hungary's socialism, for it connected the new endeavors with the century-old workers' movement. In reality, however, the unification simply created the Hungarian Workers Party through the consolidation of the Social Democratic Party. Paradoxically, the creation of this huge mass party of almost a million members signified the limitation of the workers'

movement. Degrading the role of party members and organizations to enforcement, i.e., to aggressive social "education," the party apparatus and the bureaucratic-dictatorial and uncontrollable rule of omnipotent party leaders was established. To sustain this rule, the population and the party membership were intimidated by libel actions, by "vigilant" searches for the enemy, by the theme of constant intensification of the class struggle, and by waves of exposing the enemy who had "infiltrated the party."

Consistent with the regime's logic, the 1948 turnabout was followed almost immediately by the staging of the Rajk case which was supposed to provide direct "evidence" for "exposing" Tito. Its conception and script were prepared by experts of the Soviet secret service who at one point even took over the hearings. A series of libel actions was started: the left-wing social democratic leaders, the Hungarian leaders and personalities of the earlier illegal communist movement, living in exile in the West, were arrested, and in 1953, right after similar "exposures" were initiated in the Soviet Union, preparations for the libel action against the "Zionist conspiracy" began.

In the midst of this political transformation, the copying of the Soviet Union's economic model, developed in its essence after 1928, began immediately. The complete transplanting of the Soviet model, from its political structures and institutional system to its exemplary economic policy and system of planning, became an ideological principle and a political must. The Stalinist policy, violating the norms of party and interstate relations, enforced its implementation through extreme pressure and empire-building force. However, the promise of the success of rapid industrialization that was expected from the model of modernization, and a good pupil's overzealousness originating from a characteristic mixture of enthusiasm, fear, and career ambitions, were instrumental in its implementation endeavor.

The country's industrialization, including the key positions of public ownership, and a voluntary and gradual cooperative transformation coupled with the modernization of agriculture, were objectives that could be considered not only historical issues to be dealt with but also fundamental national interests. However, the "war-communistic" extremism of nationalization, the almost total elimination of private activities, the extreme Stalinist concept of industrialization (and its extreme pressure and outdated structural policy that were particularly unsuitable to Hungary's special circumstances), and collectivization based on coercion and forced implementation, which destroyed not only agriculture's productive resources but also moral values, were mistaken and detrimental. Similarly, planning by directives, which served the implementation of these objectives, destroyed the market and interest and resulted in an overcentralized institutional system that also had grave consequences.

All of this went hand in hand with rending Hungary from the European economic bloodstream and the unilateral

development of foreign economic relations with neighboring countries. Because of a powerful policy of processing industrial autarky, especially anachronistic in the second half of the 20th century, the importing of needed modern technology became practically impossible. The western embargo policy also played an increasing role in this. Hungarian economic policy made a virtue out of forced isolation. Thus the economic change between 1948 and 1951 did not signify the implementation of a basically sound economic policy, its burden of extremism and distortions notwithstanding. Instead, although justified in terms of its most general objectives, it was distorted in its actual concept and practical implementation; it conflicted with Hungary's potentialities, forcing the country to take a course that was already outdated in the second half of the 20th century, and tearing Hungary away from world economic processes through forced and one-sided orientation.

This became evident during the years of transformation, especially when proprietorships were changed. By the fall of 1947, in the wake of the 1946-47 partial nationalization, the key positions of the Hungarian economy (57 percent of the industry, based on the size of the labor force) were already state-owned. At this time the revolutionary transformation of proprietorships began. The March 1948 nationalization, which was the culmination of this process, included mostly medium industry, resulting in state ownership of 83 percent of the manufacturing industry. The 1948 nationalization can be viewed as an extreme measure serving a society on its way to socialism. (The more moderate of the two versions of the original nationalization plan, which included 280 companies instead of 594 and 100,000 workers instead of 160,000, would have been less extreme.)

In spite of this, almost one-fifth of the manufacturing industry remained in private hands after the spring of 1948. If small industry, which produced one-fourth of total industrial output, is added to this, then roughly 40 percent of the total industrial output was still provided by small and middle-sized private factories.

However, these private businesses were also soon liquidated. The December 1949 nationalization already included small industrial businesses with more than 10 employees. During 1950-51, the remaining small businesses folded under great administrative pressure, resulting in the almost complete elimination of private small industry and trade. Extreme nationalization encompassed even part of family homes. State and cooperative enterprises were able to substitute only a fraction of the vanished small business activity. A vacuum in the service industries was left behind. The spectacle of sabotage and spy proceedings (Maort, Standard) served as a pretext for the nationalization of foreign companies (constituting approximately 6 percent of the manufacturing industry in 1948) and for "disciplining" the old intelligentsia. The exclusion of foreign capital severed important technical contacts.

Thus the ill-defined over-nationalization, which followed the Soviet model, virtually completed the implementation of state ownership in the spheres outside of agriculture. And even in agriculture, the collectivization campaign, initiated in the summer of 1948 and intended to liquidate private farming, was to be completed in 3 or 4 years according to Matyas Rakosi's announcement at the November 1948 Central Committee meeting. To support the intensive accumulation of capital and the great labor demand of industrialization, private farming was made almost impossible through the extreme produce-collection system, the extremely wide gap between agricultural prices and industrial products, and rampant village terror (legal and police harassment of every fourth peasant family). Despite all this, only 25 percent of the peasantry joined the cooperatives. They fled from the villages in great numbers, leaving 1 million acres of land uncultivated.

In principle, the radical change in proprietorship created a new and realistic possibility for opening the road toward improved social justice. However, the endeavor of an immediate and essentially complete elimination of private business in the spirit of an ill-defined transition to socialism and its forcible and dictatorial methods resulted in great losses and irreplaceable shortages in production and the services, and alienated broad groups from socialism through its political and moral effects.

Another essential element of the change was a total adherence to the Stalinist policy of industrialization, serving an extremely one-sided and fast-paced state accumulation and industrial investment, carried out at the expense of agriculture and the population's standard of living. As a distinct feature of "original socialist capital accumulation" (which was rebutted theoretically but in practice was forcibly carried out), the rate of accumulation jumped from 5 to 6 percent to over 30 percent; industry's share in investments grew from 15 percent to 50 to 55 percent, while the ratio of infrastructural investments fell from 50 percent to 30 percent, agriculture's share decreased to 13 percent, and per capita real wages plummeted by 22 percent.

In addition to this extreme strain, the party leadership also adopted the economic development concept of the Soviets' first five-year plan, which was conceived primarily to facilitate war preparations. In the late 1950's the Cold War became especially intense. In the atmosphere of American superiority in arms technology, signified by the hydrogen bomb, the victory of the Chinese revolution, the rapid disintegration of colonial empires, and the Korean war (threatening worldwide conflict), Stalin and Molotov believed that a world war would inevitably break out within 3 or 4 years and thought the main task was to prepare for it. In Hungary's case, from 1948-49, this also meant preparation for war against Yugoslavia. These demands forced Hungary to adopt an especially disadvantageous economic policy which, in terms of turn-of-the-century requirements in technology and structure, pressed for the forced development of strategic

raw material production. In accordance with this policy, which was announced and ruthlessly enforced by the Rakosi-Gero clique and was expected to change Hungary into a "country of iron and steel," almost 60 percent of all industrial investments were used for developing the coal, iron, and steel industries; this subjected the processing industry to one-sided programs of material and energy. Maximum pressure was also exerted in developing self-sufficiency and the replacement of imports as completely as possible.

The extreme goal of quantitative growth, and the limiting of foreign economic relations mostly to the undermanning CEMA market, pushed technological and quality demands into the background. In the interest of industrial breakthrough, agriculture and the development of an infrastructure that was beginning to go through another revolution in the second half of the 20th century were severely neglected. The introduction of command planning and a centrally regulated pricing and allocation system, which served to eliminate the market, was indispensable for the realization of the goals and for the complete transplantation of the Soviet model.

Collectivization also began in accordance with Soviet cooperative model regulations, through the establishment of the system of tractor stations. A centralized institutional system of economic management was created for this purpose and was completed during the first 5-year plan (beginning in January 1950).

The economic policy and the adopted model undoubtedly helped rapid industrialization (through the policy of forced accumulation and one-sided development). Industrial production doubled, and Hungary was transformed into an agricultural-industrial country. In Hungary, too, the Stalinist model represented an especially fast-paced modernization, implemented from above by ironhanded methods. The "roundup" of the village masses into cities and into industry, the dramatic change of the employment and settlement structure, and the swift expansion of industrial employment and city development went hand in hand with the quick expansion of the educational basis of modernization. This, beyond the direct interests of industrialization, was expected to pave the way for the proclaimed socialist goals and social equalization, and for the unfolding of a "cultural revolution". The introduction and rapid filling, almost to capacity, of the 8-year public elementary school system reduced the perpetuation of illiteracy to a minimum. At the same time, lagging one or two generations behind western Europe, secondary education was becoming part of mass education (which lowered the quality of the earlier closed elite training). Opening higher education to the masses was the greatest breakthrough, resulting in a 10-fold increase in the number of students and in the admission of masses of worker and peasant youths, who had earlier had little chance of studying at this level. However, this greatly significant social justice was small-mindedly undermined by the inception of a new social injustice, namely, excluding or restricting not only the

children of the old ruling elite but the talented children of the middle classes as well.

A true mass movement was created for promoting people's education and the dissemination of culture. This was expected to be aided by radical measures in pricing policy and extensive subsidies of cultural consumption. Theater and books truly became articles of mass consumption and, while they represented extremely one-sided values, and in fact excluded and destroyed many values, they unquestionably fostered mass culture, not only in promoting a higher level of culture but also in paving the way for social equality. This was supplemented by social security, which had earlier been available only to the privileged strata of workers and employees, and by a rapid extension of free health care that soon included the urban masses. All of these processes served the socialist transformation well, signifying its greatest achievement. Of course, the abolishment of extreme social differences and the transformation of ownerships through land distribution and nationalization provided the real foundation.

As a result of these processes, the earlier extreme caste-like social division was abolished in Hungary in the decade following the liberation. This happened simultaneously with the sudden increased mobility of Hungarian society, which formerly had been characteristically immobile. Both features can be considered outstanding achievements of social modernization.

At the same time, social equalization unavoidably entailed, in the climate of relative poverty, the decline of the strata that had earlier been in a more favorable position. The latter included not only the earlier ruling classes but also the middle strata, the intelligentsia, and even the stratum of the most highly qualified skilled workers. Both financially and in terms of social prestige, most of these important and valuable groups ended up in worse condition than before the war. The administration knowingly assumed responsibility for the effects of such regrouping, for it wanted not only to lift Hungarian society's most downtrodden and most neglected strata out of their earlier situation but also aimed to break, and in fact rapidly replace, the earlier middle class and intelligentsia. However, these characteristic features of class politics - while serving the revolutionary "reshuffling" of society - destroyed indispensable incentives and worked against a healthy desire for "upward mobility," higher qualifications, more knowledge, and greater expertise, almost degrading these categories as "suspicious".

Despite the progress that had been achieved, the contradictions of the economic operation and a widening interference led, as a matter of course, to an extremely wasteful economy. About one-fourth of the increase in national revenues, attained through exceedingly great sacrifices, flowed away through various channels of waste. Shortages became common. Even food had to be rationed temporarily. The decline of quality assumed alarming proportions. Investment projects were prolonged. The price of the quantitative increase of industrial output was paid with an

increasing lag in the other sectors. As a result, the indisputably rapid industrial growth appeared faster than it was; in reality, the fast pace was attained by neglecting the development of other areas and, in the longer run, this would (have had to) be compensated for by inevitable industry slowdown.

In accordance with the adopted model of modernization, all of this was initiated and dictated from above. Even the measures that served society and the individual assumed the form of paternalistic care by the omnipotent party and state.

In all respects, i.e., both in the economy and in society and politics, the pressured and forced development policy and the strictly dictated war economic order of the "original socialist capital accumulation" went hand in hand with a consistent and bureaucratically centralized operation. Not only a process of planning but also an almost general "command system" of socialism was created, in which the directives of the monolithic party's ruling staff (and not its leading institutions) were forwarded by a strong central apparatus, not only to party organizations but also to public organizations that had been retained or were newly established, and to the state apparatus. The latter became dependent and servile executives of these central decisions.

But society, the smaller communities and groups of individuals, were also subjected, through such a chain of command and measure of power, to executing central directives. This was true not only in paternalistic utopian endeavors, i.e., in "serving the people's good despite their intentions and will," but also in the MHK [Ready for Work and Defense] movement, which promoted health care (and military training), and in making "socialistic realism," the artistic trend considered "healthy, educational, and mobilizing," compulsory.

This sudden shift in power, politics, and educational policy immediately halted the homogenization of the multicolored progressive intellectual trend of the people's democratic transformation that became possible during the postwar years. The spirit of dialogue was replaced with confrontation. In intellectual life, too, the monopolization of power was followed by the elimination of alternative trends and by a state monopoly of culture, again accompanied by strong institutional centralization. The Zshdanovistic turn in the MDP's [Hungarian Workers Party] cultural policy (supervised by Jozsef Revai) prescribed a compulsory trend for the arts, strictly prohibiting "decadent," "pessimistic," "formalistic," or "abstract" manifestations. All of this entailed not only the elimination of existing or allegedly existing opponents but also an extremely determined regulation of the movement and the rejection of receptive democratic trends with mass basis. The "Lukacs debate" and the "Deri debate" became unequivocal directional signs. The banning of the works of Madach and Bartok from the stage was an indication of the small-mindedness of these prohibitions.

It was during this time that a type of party intellectual was created in mass proportions who sacrificed his intellectual and moral autonomy on the altar of party objectives, and whose influence was determined not by his own intellectual authority but by his position in the nomenclature.

The entire cultural sphere was subjected to the goals and ideologies of Stalinist "educational dictates" and to the program of rapid transformation of social awareness and the creation of the "new human being." In reality, the implementation of this program proved to be impossible. At most, it was confined to vulgar schematism and a pallid propagandistic apology. "The weakness of ideological efforts" became a constant complaint of the political leadership, for it always interpreted reality's resistance against its own voluntarism as an "educational" problem.

The propagation of materialistic ideology played a special role in the educational program of transforming the awareness of the masses. Breaking the church's anachronistic political and spiritual power was a timely and successful endeavor which contributed to the secularization of Hungarian society and the repression of the ruling religious ideology. However, the aggressive and vulgar atheism of the 1950's interpreted the antitheses of world views as being directly political in character, and coupled "conversion," i.e., ideological conformity, with the requirement for political conformity.

The "converting" atmosphere of the cultural policy surrounded with mistrust intellectuals who did not "fit" any ideological category and, although their loyalty was assured through the state institutional system, the intellectual base for party policy became quite limited. Thus command planning, the strict prohibition of self-organizing social movements, and the dictates of artistic taste, were integral parts of this sociopolitical-economic model.

But no directive or mass mobilization or concentrated moral influence was (or could be) sufficient to enforce the "absolute central will," for it was resisted by an unacknowledged mass of group and individual interests. Thus coercion, legalized or non-legalized police, magisterial, and disciplinary action, prohibition, intimidation, and reprisal were the "ultima ratio" of socialism's "command model." Dictate and terror, therefore, were not accidental or personally induced "outgrowths" of the "Stalinist model," but were the system's logical consequences (In Hungary's case they did not merely exemplify the unrestraint of an audacious clique necessary for adopting this model by fire and sword, in fact, even "overfulfilling" the task's requirements in many respects.) About 100 dead and several hundred imprisoned victims of libel actions, more than 5,000 interned persons, 15,000 dislocated persons, and more than half a million convicted villagers attest to this fact.

True, all of this assured a strict "order," but various controls, and hence the possibility of self-correction,

were also eliminated at the same time. Smooth operation required the cover-up of undesirable incidents and the total exclusion of publicity.

However, all this would sooner or later inevitably destroy the mass basis of socioeconomic transformation. Political power and society became alienated. Despite a membership of several hundred thousand, the MDP's actual camp declined. Alongside the self-deluding but well-meaning and devout party membership, which considered the distortions "temporarily unavoidable" byproducts of the "historical transformation," careerists, privileged groups of beneficiaries, and blindly fanatic faithfuls played an increasing role. This was not really perceptible on the surface for a long time due to the complicated "basis-creating" effects of a deluding desire to believe, and to intimidation.

However, desperation and the compromise of socialism resulted in increasing pressures under the surface.

Alongside the economic problems, extensive shortages, unlawfulness, and coercion, which caused anger, the insult to national self-esteem also played an important role. The misinterpretation of internationalism and the servile copying and insincere glorification of the Soviet Union were combined in an extremely unfortunate way with the well-intentioned but mistaken and irritating castigation of Hungarian nationalism. After World War II, the Hungarian communist movement was unable to come to terms with nationalism. The evaluation of the past with self-flagellation to the false extreme of "fascist nation," went hand in hand with the post-World War I and II suppression of genuine national affronts, dislocations, and minority problems, and with the superficial "national-people's" purification that was integrally connected with Stalinist ideology. Manifestations of international elements in everyday culture, such as modern music and dance, fashion, and hairstyle, were prohibited and persecuted as cosmopolitan and decadent. An effort was made to eradicate foreign words through an extreme linguistic purge, and folksongs were given the same preference as rallying songs in radio music programs. All this was supplemented by the cultivation of national pride, coupled with primitive and false historical pretexts.

Through historical falsifications the "progressive traditions," the one-sided and linear point of view of a thousand-year history, were emphasized while disapproved processes or personalities were omitted because of current political or rigid ideological considerations. Similarly, it was believed best in the noble endeavor of reconciling with neighboring peoples to conceal grave (presently still existing) conflicts and to pick out insubstantial episodes in the "common progressive struggle." The murder of several hundred thousand Hungarian Jews, and the political and social responsibility for it, and the annihilation of the Second Hungarian Army were also wrapped in silence as a result of this endeavor to sweep unsolved questions under the rug. The fact that no memorial has been built for Hungarian victims, while a memorial for Soviet soldiers who fell during the battles of liberation has been erected in

every town, indicates a disorder in politics and feelings in general. Despite the loud surface propaganda, slogans, and aggressive popular education, the views, experiences, and opinions of the masses as expressed to family and friends greatly differed in many issues from the "official" views echoed publicly and in schools as expected. This unusual duality became the source for a characteristic national schizophrenia.

The great masses of society (considered and treated as juveniles), the workers (embittered by extensive declines in living standards and by constant increases in production norms), the tormented villages, and the humiliated intelligentsia gradually turned away from the power which, lacking real mass organization, was losing rapport with the masses. Every opportunity for dialogue to find reconciliation and a solution ceased to exist.

A great lack of balance developed in the Hungarian economy. Extreme fluctuations in growth became the norm (exceptional growth in one year was followed by an absolute down-swing in another year as if it had been scheduled.) Words and deeds were increasingly more sharply divided. Despite the extensive decline in living standards, the exact opposite was proclaimed in speeches, by the press, and by "popular educators" who were engaged in door-to-door family agitation. Despite the constant propaganda of success, the serious failures would soon have to be faced.

The Development of a Crisis, 1953-56

The untenableness of the existing policy became increasingly evident by the particularly critical year of 1952, and Stalin's death in the spring of 1953 and the subsequent changes in the Soviet Union made it possible to admit failure. Moreover, the change in Hungarian policy was initiated by the Soviet leadership of the post-Stalin era. Rakosi was summoned to Moscow, it was determined whom he should take with him, the MDP's policy was sharply condemned at a confidential meeting, and the direction of change and the extent of the necessary replacement of officials were determined. This is what led to the Central Committee's July 1953 standpoint, to the replacement of officials (the appointment of Imre Nagy as prime minister), and to the announcement of a "new course."

The July resolution condemned clique rule, lawlessness, and the system of bureaucratic-dictatorial rule and economic management. It condemned forcible collectivization and the subordination of the population's standard of living to the interests of industrialization, and placed great emphasis on improving living standards and supply, on the development of consumer industry and agriculture, and on the unfettered departure from the forcibly established cooperatives. On the other hand, regarding the planning and management system, which was of course still identified with socialism, only a more sensible operation, a reduction in excessive bureaucracy, and a decrease in the number of compulsory plan directives were proposed. The "rationalization" implemented

in practice brought about only a temporary staff reduction. But economic research and debates began in 1954, and soon criticisms of the Stalinist economic model, and proposals for its transformation, were made.

In principle, a chance arose for correcting the distortions of the previous years, for redressing the crimes, and for regaining society's trust. But this opportunity was greatly hampered by the fact that the Soviet Union, while initiating the changes, continued in narrow-minded protection of its own interests to insist upon keeping the old leadership (Rakosi and Gero) which it considered the most dependable for maintaining its influence. Consequently, the MDP leadership successfully resisted any significant change until 1956, pretending, at most, to be effecting some changes. In reality, however, they undertook only changes that they were forced to make. After the noteworthy changes of 1953-54, they returned to the former routine in March 1955.

The Rakosi-Gero leadership, within the unchanged economic policy and planning system, admitted only to the mistake of overdrive and, as long as it had a say, was unwilling to do much beyond moderately slowing the pace. (This was clear from the prescribed quotas of the second 5-year plan.) The rehabilitation of those victimized or aggrieved by illegal actions dragged along with few cases put on the agenda, and no attention given to the consequences. Although the "rehabilitation" of the villages did begin, that was also halted. Forcible collectivization and "village class struggle" were also reinstated under the slogan, "The kulak will remain a kulak even without the kulak list."

An increased internal leadership struggle was unavoidable. Imre Nagy and the reform wing around him advocated a fundamental renewal of socialism. Although their concepts unfolded slowly, their cause was to develop a program of humanitarian and democratic socialism. By this time, their views on socialism greatly differed from the Stalinist views. Contrary to their views of the previous year, they wanted to change not only current policy but also the institutional system itself; in fact, they even considered the idea of a multiparty system. The debates of the Politburo were brought to the Central Committee in October 1954 where Imre Nagy's reform line was accepted by a majority vote.

All of this elicited the Soviet party leadership's mistrust: At the end of 1954 the Hungarian leadership was summoned again and Imre Nagy was called on to express self-criticism, which he refused to do. Then in early 1955, taking advantage of the replacement of officials in Soviet leadership (the defeat of Malenkov who had supported Imre Nagy), the Rakosi-Gero clique gained the upper hand once more with external help and, with minimal resistance, the Central Committee, which earlier had supported the reform, again sided with Rakosi's conservative line. Imre Nagy was removed. But the price of Rakosi's victory was high: the MDP was plunged into a deepening crisis. The barriers of renewal that had originally begun from within and above became evident

and proved insurmountable. The organization of party opposition began, and the reform faction was replenished with prominent and respectable personalities recently released from prison. Pro-reform party intellectuals were pushed out of the center of power and increasingly turned against the leadership.

This process accelerated especially after the Soviet Communist Party's 20th congress. Rakosi tried uselessly to prove that the congress confirmed his political line, but the exact opposite became obvious.

To the extent to which the central power wavered and the limitations of imposed ideological integration became evident and, moreover, the role of ideology as a political control over the intelligentsia was understood, an intellectual crisis developed. The new intelligentsia, which participated in the renewal with the pathos of a cultural revolutionary, came to a moral crisis. The creative intelligentsia was increasingly alienated from the immobile political system. While the most important social issues were being discussed at the debates in the Petofi circle and at certain party organizations and informal circles, the internal forces of the party which were trying to renew socialism were unable to assert themselves. A catastrophic polarization began.

From this time on, the bitter struggle between the party leadership's opposing wings became unavoidable. For a long time, part of the opposition (including leading personalities such as Janos Kadar, Ferenc Munnich, and Imre Mezo) wanted to achieve a sincere and extensive renewal through party discipline and unity without "taking" the internal party feud "to the streets." No party center capable of integrating the forces was created; this was instrumental in preventing a halt of the process of disintegration.

After 1953, without genuine transformation and renewal, society could not really influence the outcome of behind-the-scenes power struggles in the unchanged political structure. However, state power gradually began to give away during the years of political tug-of-war and zig-zagging. There was increasing discontent, also nurtured by an insecure political atmosphere, which could not be satisfied with hesitant concessions.

The Stalinist model of socialism, which earlier was opposed mostly by the various civil opponents of socialist transformation, was unequivocally rejected between 1953 and 1956 by Hungarian society and its politically most aware groups who had the unconditional support of the broad masses, including the "silent majority."

Debates on solutions to the crisis pervading every sphere of society, from the unmanageable command planning system through culture and agriculture to the formal mass organizations, the distorted press and the "gleichschaltet" [standardized] social sciences, began but remained unproductive. While the sincere shift of 1953, the deductions from personal consequences, and the radical reforms could have opened the way to peaceful

renewal, by 1956 the crisis had become increasingly unmanageable. In the end, Rakosi's tactics broke the million-member MDP apart.

A real turnaround failed to take place even in July 1956. The Central Committee, consisting, in part, of discredited and inexperienced people and strongly dependent on the ruling clique, agreed to remove Matyas Rakosi only after A. Mikoyan personally intervened. Both the Soviet party leadership, which directly intervened in the changes, and the majority of the MDP's leadership saw fundamental continuity as the only guarantee for the system's stability. Therefore, Rakosi was dismissed at Soviet suggestion and Erno Gero, his cohort who was also responsible for the earlier crimes and mistakes and opposed to any change, was nominated and elected first secretary.

The analysis of the situation at the July meeting of the Central Committee (Andras Hegedus' speech) did not really go beyond the Rakosi clique's earlier superficial and disguised views. Proposals for change were limited to superficial corrections instead of real changes. Neither in the economy nor in policy was a true way out indicated, although the opposite was often stated after 1956. In spite of Rakosi's removal, the guaranteed replacement of officials did not occur.

The period between 1948 and 1956 ("the 1950's") became an extremely contradictory period in our history. Even in retrospect, the unavoidable question (which strongly occupied even the contemporaries) must be raised, of whether it was a period in which the processes leading to socialism unfolded despite grave mistakes and crimes, or whether the time was a fatal detour, a wrong turn that discredited socialism. An unequivocal and categorical answer to this question could be given only if socialism could be defined in a fixed and normative way. For example, those who identify socialism (i.e., its establishment) with the abolishment of private property and the consistent expansion of state property, with collectivization, and with the equalization of income and consumption (including the democratization of cultural and educational "consumption"), may, in spite of libel actions, massive lawlessness, the abolishment of the legal and institutional system of democracy, the disregard of human rights, the complete obstruction of social self-organization, the mistakes and bureaucratic command system of economic policy, and the considerable decrease in living standards, judge the 1950's to be a period of socialism that required great (and, because of partly subjective reasons, unnecessary) sacrifices and was distorted by mistakes.

On the other hand, those who see the only road leading toward socialism (for which public ownership is only a means and not a goal) primarily as one of individual achievements, of social self-organization that suppresses the alienated power organization (the state) which sits on society and serves the ruling classes, of the liberation of society and the individual, and of the development of a fundamentally materialistic democracy impossible

under capitalist conditions, may condemn "the 1950's" for taking the wrong historical path.

However, the unfolding processes must be interpreted not only from the standpoint of socialism but also from that of incomplete social, economic, and political modernization, which is due to the characteristics of the given historical development.

The transformation which occurred in weakly, average-developed Hungary created indisputably significant achievements in economic and social modernization implemented on the basis of the "original accumulation of capital": it created large (though structurally outdated) industry, forced open the rigid caste system of an immobile and traditional society, and brought extensive changes in employment and settlement. In the second half of the 20th century, however, the primary new feature of modernization became the renewal of the infrastructure and, in connection with this, the infrastructural areas serving the development of the so-called human factors. The adopted development model not only neglected this emerging new requirement but took a diametrically opposite direction. The process of modernization also excluded, in fact, opposed, the requirements of a democratic and institutional political modernization. The suppression of the autocratic, absolute, and excessive power of the state (typical in more backward societies), the development of a democratic society and institutional system, and a larger degree of liberation for the individual and society not only failed to take place but the negative features of backwardness actually intensified.

Considering all this, the 1950's on the one hand indisputably started an important (although for the living generations a shocking and burdensome) process of modernization based on original capital accumulation, and of social mobilization and equalization through coercion, dictates, and force, achieving important partial results and historical accomplishments. On the other hand, the 1950's caused a dead end through the mistaken structural direction of industrialization, the isolation from increasingly important world economic integration, a one-sidedness that ignored the period's requirements, and the "tabling" of infrastructural development. Bureaucratic, dictatorial, and absolute statism radically opposed the requirements of modern society and politics, and naturally erected serious obstacles for the development of modern society and state and, more especially, the development of socialism. In this respect, we can speak of a plainly mistaken social formation.

Laszlo Rajk's solemn rehabilitating burial on 6 October 1956, at which the party and the government, for lack of real acts of renewal, unsuccessfully attempted to separate themselves from the crimes of the previous years, became the moral and symbolic burial of the Rakosi (and the continued Gero) regime.

The historic drama itself, which occurred hardly more than two weeks later and during which broad masses of

the population rallied against the regime of the 1950's, gained more meaning and included several endeavors.

The People's Uprising of October 1956

In the meantime the spontaneous pathfinder endeavors toward development went far beyond the hesitating and contradictory steps of the party leadership. The reform demands of university students, along with the symbolic removal of Stalin's statue, Imre Nagy's appointment as Prime Minister, and court action against persons committing unlawful acts, already included a draft for the withdrawal of Soviet troops and the reestablishment of the multiparty system.

The demand for change was fundamental. The injured, shortchanged, humiliated, and desperate, but seemingly still peaceful, masses took great notice of this program for change (which was drafted in various ways) and of the endeavors represented with increasing clamor by the relatively small intellectual groups; they took a stand for them at the decisive moment, with unclarified views and disparate endeavors and goals but united in the demand for an unequivocal change.

The powers, having lost contact with the masses, had been unwilling for so long to negotiate with the opposing forces that the diverse social groups converged into unity and were set against the rigid party leadership and unchanging government. This political avalanche virtually tore the party apart, and the membership and party intelligentsia, demanding a renewal, turned against the conservative leadership, paralyzing the huge mass party and incapacitating it.

The seemingly insurmountable old solutions and responses in the climate of repeated mistakes, indecisiveness, disintegration, and fundamental, but futile mass criticism of the leadership led to the overwhelmingly forceful mass demonstration of 23 October and then, that same evening, to the change from "weapons of criticism" to the "criticism of weapons"; this led to the people's uprising against the government and the existing state power.

In its helplessness, the Gero-Hegedus government immediately requested Soviet military intervention and the masses, their national sensibilities already injured, turned the uprising into a national struggle for independence. The masses turned as well against tyranny and the worsening living conditions with overwhelming force. In the last week of October, huge masses of workers joined the university students demonstrating against the Stalinist regime of Rakosi and Gero. This was duly demonstrated by their participation in the fighting and by their long-lasting and united political mass strike. The workers' national and democratic demands were unanimously expressed by mass movements in Budapest and in the provincial cities.

In the 2 weeks following 23 October, the blending of national and democratic endeavors and various forces

and goals became characteristic. The fundamental endeavor for renewal and for the democratic and radical reform of socialism was the determining force at the outbreak of the uprising and was potently present throughout. Some people intended to return to the post-1945 plebeian people's democratic power structure. Other forces appeared advocating the restoration or modernization of the system defeated just more than a decade before, and its reinstatement on the model of western parliamentary civil democracies. Moreover, extremes of conservative-nationalist and extreme right-wing and anti-communist (i.e., Horthyist Christian-national) lines also suddenly emerged. In the factories and on the streets, declassed people, persons ousted from earlier positions or those released from prison, and revengeful and mob (in part disreputable) elements also played a big role. The extreme forces and anti-socialist groups were encouraged by Western radio stations, for they believed that the promptings by Radio Free Europe or the Voice of America to hold out also carried the promise of Western military intervention and support.

Destroying the existing Stalinist model of socialism was practically the only common platform of the multi-intentional and somewhat drifting camp of the uprising. Beyond this, however, the camp was extremely divided. There were other endeavors beyond the maintenance of communal property and the unification of democracy and socialism, such as the query of land distribution (announced in Primate Mindszenty's statement), the questioning of the European and Central East European political status quo (which was accepted also by the United States and of which, despite its public incitive propaganda, it gave the Soviet leadership timely notification), i.e., of Hungary's geopolitical position and its unrealistic and dangerous negation; street lynchings and the arousal of a true pogrom atmosphere were present as well. At the end of October, Laszlo Nemeth had already found it necessary to call attention to the danger of repeating the post-1919 White Terror.

In this extremely difficult and complex situation, burdened with adverse legacies, the Imre Nagy government did not rise to the occasion. It could not satisfy the demands of the streets with constant concessions and repeated withdrawals; these only added oil to the fire. The government drifted with events more than controlling them. Such capitulatory and foolish views as "If the masses want fascism, then let there be fascism" also gained ground. During these days, the government no longer had armed forces at its disposal, for most of them, with the exception of armed units of the discredited State Security Authority, disintegrated or sided with the insurgents. But no real attempt was made for a rapid establishment of a new force loyal to the government.

Despite the gradual shift toward the right wing, concealed in the events and in the increasing counterrevolutionary pressure in early November, a separation of the blending revolution and counterrevolution, and the clarification and "permanent" definition of one or the other processes,

could not take place. It must be added that it was not difficult to confuse 'corrective revolution' with 'counter-revolution,' since the debates of the previous period failed to provide any ideological clarification. Lacking such clarification, the challenging of monolithic state ownership and political structure and the transformation that took place during the days of the second Imre Nagy government could be interpreted both as a renunciation of the Stalinist model of socialism and, in identifying this model with socialism itself as it was in contemporary ideology, a betrayal and rejection of socialism.

Presumably as the result of the 30 October turn, the Soviet leadership soon took the latter position. True, under compulsion Suslov and Mikoyan, who were sent to Hungary, made an agreement with Imre Nagy to pull out Soviet troops from Budapest and set up a coalition government. But while the Hungarian government and the insurgents were shortsightedly celebrating their "military victory," Soviet military forces were being regrouped in preparation for a second restoration of power through military intervention.

They felt urged to do this by the situation in world politics, for the acute Suez crisis, which developed into a war in which England and France intervened, again dangerously sharpened tensions in world politics. No doubt this also influenced the American government's position when, despite its loud propaganda and the incitements of its paid radio stations, it considered the "Hungarian issue" an "internal affair of the Soviet block" (as President Eisenhower stated in his personal letter to Khrushchev) in which it did not wish to interfere. On this basis the Soviet leadership made the internal and sovereign decision to intervene for the second time, following lengthy committee debates with repeated changes of position; it was finally convinced by the assurance of the military that order would be restored in three days. It checked this with the Chinese and Yugoslavian party leadership and won their support in this decision. Indeed, the latter even offered to participate in arranging the resignation of the Imre Nagy government. The party leaders of the neighboring countries also accepted this solution.

On 1 November Janos Kadar and Ferenc Munnich also saw no other solution and, after separating themselves from the Imre Nagy government and attending a conference at the Soviet embassy, they left Budapest and set up the Revolutionary Worker-Peasant Government.

CHAPTER III

Socialism's Compromised Reform Attempt (1956-73)

Characteristics of the New Phase

On 4 November 1956, the second Soviet military intervention put an end to the uprising, which had been strained with contradictory tendencies and had led to a

critical situation in early November, and created the conditions for the reinstatement of the former power. No role in this could be assigned to the MDP's earlier reform wing, i.e., party opposition, which had rallied around Imre Nagy and had played an important part in launching the MSZMP, for they had refused to accept Soviet intervention as fact. (At the beginning of the offensive, Imre Nagy, ignoring the geopolitical realities and the basic international political circumstances, and motivated exclusively by moral considerations, declared Hungary's withdrawal from the Warsaw Pact and, turning to the UN for help, accepted the asylum offered by Yugoslavia; with his immediate associates he went to its embassy.)

Nevertheless, placing the conservative Rakosi-Gero group back into power, after the manifestation of the people's anger in the extreme and bloody fighting that had overthrown them, would have made consolidation extremely difficult.

The reorganization of power was accomplished not by the compromised old leadership but by the group led by Janos Kadar and Ferenc Munnich, which already in the spring of 1956 had diverged in certain respects from the earlier party opposition that had rallied around Imre Nagy (it did not wish to solve internal party struggles with the inclusion of the masses), and which had separated itself in late October from the essentially unified reform wing. To do this it had had to delimit itself in both directions. This was made easier by the fact that the members of the old conservative party leadership were residing in the Soviet Union at the time. The Imre Nagy group, however, was arrested and placed in custody in Romania after it had left the Yugoslavian embassy. (The Yugoslavian government had requested a written statement from the Hungarian government beforehand to the effect that Imre Nagy and his associates would be allowed to return to their families unharmed. When this did not occur, they protested against the violation of the promise and the agreement.)

The methods used in the restoration of power and Hungary's given place in foreign policy naturally determined the scope of Janos Kadar's MSZMP and government and, in fact, the entire period. For after 4 November, the country's foreign policy unchangingly demanded a fundamental alignment with the Soviet political line. And since a basically post-Stalinist policy prevailed from the 1960's to the mid-1980's in the Soviet Union, despite Khrushchev's short-lived and contradiction-burdened experiment, a thorough transformation of the Stalinist model of socialism, the rejection of its ideology and practice, or the adoption of an independent policy became impossible.

In the post-Stalinist period, the institutional and political structures, power structure, and bureaucratically centralized and monolithic ownership structure of the Stalinist model were preserved in an essentially unchanged form. Connected to this was the essentially unchanged traditional ideology which served the legitimacy of this model. (This holds true even though some important earlier theses

were rejected or corrected.) Within this old framework, however, significant transformations occurred primarily in the elimination of tyranny and lawlessness, in changing the dictatorial character of power, and in the gradual replacement by a future-oriented, more humanitarian utopia. But the preservation of the earlier model's institutional political structure erected many taboos and prescribed strict limits for changes, and at the same time preserved the dangers of permanent "restoration."

In Hungary, however, it was not just the post-Stalin Soviet framework that meant an insurmountable barrier after 1956. After having based their existence on these barriers, the MSZMP and the government had to take a ruthless stand against forces from any direction that challenged the realities of 4 November, in order to stabilize their power. Severe and harsh reprisals marked the road to political realism. Struggling for survival in 1957-58, the powers did not shy away from violating the law. Subjective elements and personal vengeance prevailed, especially in the provinces. The special severity is attested to by the 300 death sentences.

The Hungarian government, isolated both internally and externally, and extremely dependent on its neighboring countries, was subjected to excessive outside pressure. To protect their own stability, party leaders of individual countries from the GDR to Romania exerted pressure on Hungary for unbendingly severe reprisals. Certain leaders demanded sentences by the ten thousands; G. Goergiu-Dej requested a Central Committee meeting during his Budapest visit, where he stated that more severe reprisals would be necessary. With the Imre Nagy group it came to a similarly ruthless showdown, since Imre Nagy, even in Romanian captivity, was unwilling to resign in order to legitimize the new government. (The conservative turn in the Soviet Union and China and the ensuing political pressure, in which so-called national communism, hallmarked with Imre Nagy's name, was considered the main right-wing danger to the international communist movement, played a significant role in this.)

The uprising, which in the chain of events was first called a 'revolution' and was soon renamed 'the unfortunate October event,' avoiding classification, was later one-sidedly termed a 'counterrevolution,' and Imre Nagy and several of his closest associates were executed as traitors. Since the party's reform wing and a significant part of the intelligentsia were excluded from the MSZMP or were given marginal roles within the party as a result of these measures, the powers, particularly unpopular and struggling for stabilization, were forced to employ all available forces. Even Rakosi and Gero, who were living in the Soviet Union, were admitted to the MSZMP, in whose slowly developing organizations, with the membership reduced to half, the conservative groups strengthened their positions. (Although significant changes took place in the Politburo, the Central Committee, and the leading posts of county and city party

offices, two thirds of the party apparatus remained in place, and the new leaders were recruited mostly from the former second echelon.)

The 4 November framework also entailed the danger of a conservative, Stalinist restoration. For it was evident that if Janos Kadar's group could not shoulder the organization and consolidation of power, the Soviet leadership, which reestablished power through military action, would eventually have to resort to any conservative force, since neither the platform of the Imre Nagy government nor the series of demands, the first of which was the immediate withdrawal of Soviet troops, of the parties that were created in October could have served as the basis for negotiations.

Only now was Janos Kadar's group able to organize itself into a quasi-party center while trying to reestablish power by any means, being forced to eliminate a significant part of the earlier reform wing from the MSZMP, aligning itself with the requirements of the 4 November framework, and accepting and professing the taboos of Soviet-Hungarian relations, to the maintenance of post-Stalinist institutional and political structures, and to the preservation of monolithic power and ownership. In doing this, however, it closed the way for a conservative, Stalinist-Rakosist restoration. The danger of this still existed in the spring of 1957. The Soviet leadership, still mistrusting the new leadership, decided in March to favor the return home of Matyas Rakosi. At the same time Andor Berei, residing in the Soviet Union, attacked the economic expert committee's reform draft requested by the government in a cutting statement, and championed command planning as the only socialist way. In March Jozsef Revai, arriving from the Soviet Union, attacked Kadar's party leadership in NEPSZABADSAG.

Revai repeated his attack at the summer 1957 party meeting. This time, however, Janos Kadar, Gyorgy Aczel, and others repelled the attack that was carried out under the old leadership's banner. The Molotov group's subsequent defeat undermined the outside support of a possible restoration. The exclusion of the conservative leadership strengthened the Kadar leadership and its central role. Although numerous compromises toward the "left" had to be made for this, the possibility of adopting numerous elements of the earlier (excluded) reform wing's platform arose. For the earlier party opposition, which took a collective part in the creation of the MSZMP, in essence had agreed with the reform objectives until the end of October (They parted ways only during subsequent events.) Thus the MSZMP, backed by the influence of the 1956 people's uprising, became the repository for the separated democratic-socialist party opposition's views and platform, based on the given framework, i.e., on compromise.

So, after the initial reprisals and the consolidation of its power, the MSZMP became humane, liberal, and enlightened, within the stabilized traditional institutional-political structures and authoritarian party rule. Moreover, it was able to begin a correction of the Stalinist model by

simultaneously adhering to it and expanding it, and was successful in rejecting many of its elements and in replacing them with independent and new solutions. All this gradually led to the development of a new and independent model of socialism, in which not every sphere of life was burdened with politics, and which offered incomparably more humane living conditions.

Rather than sacrificing the interests of the living generations on the altar of a conceptual future, they became the moving forces of the everyday: the continuous improvement of living standards became a central issue. Agriculture, which earlier was considered the source of industry, gradually rose to world standards, and the economy and standard of living experienced an upward trend. With opportunities for diverse cultural trends and the elimination of constant enemy-seeking mistrust, and with increasing liberty, ranging from the freedom of conscience to the opening of borders, this policy offered society a feeling of well-being and, during the era's best period, the experience of everyday progress. All of this made this one of the outstanding periods of modernization and economic, social, and cultural development in the history of modern Hungary.

This process, within the limits of its definitive external and internal framework, could unfold only cautiously and gradually (burdened with compromises and contradictions) and through the preservation of basic orthodoxies. It had to be adjusted (and from time to time this was obviously exaggerated) to the most diverse turns in Soviet policy, indeed, its foreign policy, with the latter considered an "ideologized" norm, not only in terms of strategy but also in terms of everyday tactical maneuvers, often in obvious opposition to Hungarian interests.

However, the 4 November framework conserved not only external but also closely connected fundamental internal political lines during the entire period. One of these was that, although the MSZMP was at first not averse to a coalition with parties that emerged in late October (in fact, there had been some exploratory talks during November), with the stabilization of power the issue of a multiparty system was taken off the agenda.

A new line of internal policy resulted from the polarized party's reform wing rallying around Imre Nagy, by the vital masses of the intelligentsia being excluded, or rather isolating themselves, and by the MSZMP leadership, in its consolidation of power, being able to depend only on the party's various conservative forces. Accordingly, while hindering their restoration, it had to make a compromise with them. In this way, then, the Gyorgy Lukacs or even the Erik Molnar type of party intelligentsia was also left out or became marginal. As a consequence of retaining the old political structures, the conservative forces were always able to adequately organize themselves along political lines of force to block the more radical reform endeavors and to give the restoration impetus.

Thus there were certainly more than just external restrictions for a renewal; a very closely connected internal conservatism also prevailed in the circles of power. This was instrumental in delimiting the field of action. The MSZMP's center of power, despite its periodic defeats and compromises, was able to counterbalance these conservative forces and hinder their dominance. Contrary to the conservatives' attitude, the MSZMP tried to consider reality with positive pragmatism, always inclined to carry out worthwhile changes.

In the wake of external and internal political lines, the 3 decades following November 1956 were divided into markedly different periods of deviations and even vital differences, although through Janos Kadar's personality they maintained a certain degree of unity. These were elicited by periodic changes in the external line (resulting mostly from reform endeavors in the Soviet Union), and by fluctuations in the internal balance of power (by the swaying of the "coalitional" balance of power within the MSZMP), i.e., by the combination and joint effects of these external and internal factors.

In November 1956, the MSZMP still wanted to directly continue the radical reform process (including the government decisions made in October, namely, to transform the power structure through a multiparty system, and through separation of party movement from state-government activity), and the complete break with Stalinist agricultural policy, including rapid and forced collectivization, leaving the process entirely up to the voluntary (and state subsidized) decision of the peasantry. It also announced with similar radicalism the new economic policy and planning system, as drafted by the MSZMP Provisional Executive Committee in early December, which focused on interest and regulated only the direction and the extent of developments; it accepted as reality and enacted the system of self-government through workers councils, organized from below. During these weeks there was still no sign of a summary judgment calling the events counterrevolutionary; on the contrary, even a kind of "eastern" version of neutrality was considered conceivable.

These early plans of a comprehensive economic and political renewal showed skepticism toward the Stalinist model. Accordingly, the party and the government returned to the lines of the post-Stalinist framework as early as January 1957 and then again, this time with much more volition, in the spring and summer.

The new and genuine policy of renewal, with many elements implemented, was highlighted again between 1960 and 1962; in fact, it gained even more momentum in the middle of the decade, culminating in the 1968 reform. However, the intervention in Czechoslovakia of that year was a brutal indication of the limitations of play, which internal balance of power turned into an irrefutable restoration in the fall of 1972. Then, in 1979-80, the eclipsed reform line emerged again, but was characterized by a "cautious," partial, and gradual progression and, instead of bringing genuine renewal and a

consistent system, merely made corrections in the existing system without offering the "critical extent" necessary for a genuine transformation.

The diverse attempts of the shorter and longer periods took place on the same crux of institutional structures and policies. This was true even though it was possible in the periods of the most favorable attempts to take advantage of the historical opportunities inherent in the conditions, and in the periods of backsliding to have missed opportunities.

In the end, the demanding international challenges, the essential changes that took place in the Soviet Union in the 1980's, the depletion of growth reserves, the increasing burdens of the arms race, and the big-power policy of interference that affected the various continents made the continuation of the post-Stalinist line increasingly difficult. Then Gorbachev's turn in the middle of the decade led to fundamental changes in the external political lines in Hungary. This inevitably weakened the internal social and political basis of the post-Stalinist period. These external influences accelerated the internal process of erosion which emerged after a break in the economic course and a decline in living standards. The lack of social consensus, the separation of the intelligentsia and the young generations, the in-party dissatisfaction with the leadership, and the refusal to accept responsibility for the obvious mistakes cleared the way for a change. As of 1988, this carried an opportunity for launching a new historical period under new conditions and political lines. If a suitable force capable of exploiting the new opportunities were to emerge, then the previous period, lasting almost a third of a century, could perhaps be preserved, surpassed, and closed.

With this premise, the last third of a century in our history, merging into the present, can be evaluated with more authority.

The Reestablishment of Power and Consolidation

After several months of fighting after November 1956 the MSZMP began to stabilize its power and stood on firm ground. Its membership of tens of thousands in December and January swelled to 300,000-400,000 by the spring.

Since in the given situation, the party could assert its political will only through legal and administrative means and through a strict enforcement of single-person leadership at first, its stabilization took place through its activities in state power and specialized management. The party continued to be organized not as a genuine movement led by the political intelligentsia, but as a substitute for the movement.

Unavoidably, the operation of the political institutional system was rather bureaucratic in this situation. The party leadership, peculiarly standing to the "right" of its own apparatus and part of its membership, professing a drastically changed view of socialism, and capable of

reaching some significant reforms, consistently refused to involve the membership even in the defense of its line and position, and did not subject itself to control from below. Thus, even in the MSZMP, the party membership was excluded from strategic and tactical decisions, with the more important phases of decisionmaking carried out behind closed doors; the membership was compelled through a change from "democratic centralism" to the traditional one-directional centralism to take a united stand and to implement centrally made decisions.

While the "main power" continued to be concentrated in the hands of a single person, the regional and workplace party organizations were given more autonomy in the late 1960's in conducting their own business, and became the most important forums for local politics and public activity. But, as a result of the nomenclature, the right of control, and the protective umbrella of higher organizations, the party leaders and committees retained their power, and party membership continued to be a matter of career. Personnel selection was also done accordingly. The period's characteristic and typical career path was determined not by professional excellence and expertise but by political dependability (in part by social origin) and by conformity to the hierarchy of the apparatus. More and more, political careers began in the apparatus of the youth movement, leading to the lower echelons of the trade union or party apparatus, then to the apparatus of the Central Committee (even to the post of its secretary) or to the county apparatus, and from these to the leading posts of the state apparatus and enterprises. Since conformity was a safeguard in these careers, strengthened by the attitude of the political leadership, mediocrity became the law (even if there were many exceptions), and mediocrity attracted mediocrity. The type of leader who was "qualified" in everything emerged; such a leader could retain his office for a long time or be transferred to a similar leading position, even if he demonstrated a blatant lack of qualifications for the job. Resulting from the lack of democratic election and supervision, this closed clique, the members of which knew and helped each other, could easily consider itself above the law. Through arbitrary interpretations of the law, infractions that would entail prison terms for ordinary citizens were "condoned" in a few flagrant cases.

This adverse social-political setting was closely connected with the power structures, again rapidly becoming inflexible. After the dialogue with the (coalition) parties of 1956 was discontinued, even the semblance of a multiparty system disappeared. In fact, instead of a multilayered youth movement consisting of stratum organizations, i.e., conveying the special demands of the various strata of youth, and promising a break with the 1950's, a monolithic KISZ [Hungarian Communist Youth League] was created after all.

Thus the renewal of the institutional system, conceptualized in November-December 1956, failed to materialize, and the legalized workers councils were also soon swept away (in Janos Kadar's ironical words, "as a 1 May

pledge") by the party organizations acting in the spirit of class struggle. The self-managing organizations also lost their place in the institutional structures that were stabilizing. Political pluralism was considered a condemnable deviation, an anti-socialist view. Although the social organizations became a little more independent in their expanded activities, they were still confined to their traditional role of transmission. Although the reorganized People's Front, the KISZ, etc. may have appeared to have a healthier profile, their renewal was still not based on public self-management, and they were still not institutions of interest representation built from below.

Although the political structures did not change in essence, and even the results of the positive political turn materialized as the leadership's paternalistic concessions offered to the people, a unique political change took place within this framework. The excessive reprisals of 1957-58, the exact definition of the framework, and a shift within the announced two-front struggle (whereby "revisionism" was proclaimed to be the main danger) temporarily forced the political processes back into the framework of the traditional model of socialism, and the more significant reform endeavors were taken off the agenda. However, certain elements of transformation had taken root by this time. A freer cultural policy, replacing narrow-minded dogmatism, became one of the most important bases of the alliance policy. Changes took place in the economy, some of which had an immediate effect and others of which gained momentum between 1960 and 1962 when a genuine change occurred: the strengthened MSZMP, depending on the new wave of de-Stalinization in the Soviet Union and on the internal mass support that had emerged in the meantime as a result of its own successes, strictly separated itself from the MDP's earlier leadership and crimes (these processes were manifest in the expulsion of Rakosi and Gero from the party and the dismissal of certain compromised AVH [State Security Authority] officers). The announcement and practical implementation of the slogan, "Those Who Are Not Against Us Are With Us," the abolishment of discrimination on the basis of social origin in university admission policies, the comprehensive amnesty for those convicted after 1956, the opening of the borders and the issuance of tourist passports, all these were signs of the new conditions.

The period's most essential results and processes, calming the people and even creating a consensus, ripened in the economy. Although the broad masses of the population could not accept the simplistic evaluation and summary designation of October 1956 as a counterrevolution, they saw that Janos Kadar's government was striving in the interest of the people and the country, for the implementation of many elements (which were less political, did not involve foreign policy at all, and were possible to implement under the given circumstances) of the endeavors and democratic popular demands drafted by the party opposition between 1953 and 1956.

Not even the successes in the economic sphere were achieved without detours and contradictions. Since its

formation and establishment after November 1956, the MSZMP delineated itself from the MDP's economic policy. The November 1956 abolishment of compulsory produce delivery and the rotation plans (adopting the earlier order of the Imre Nagy government) eliminated, for the time being, economic command management in a single economic sector, agriculture, and recognized the role of the market. (True, this was limited in practice, to no small extent, by informal council interference.)

The MSZMP Provisional Executive Committee, sharply criticizing the previous period's practices and economic policy forced on the country, began in December 1956 to draft new principles and a new planning system which recognized interests, determined only the direction and extent of development (without detailed prescriptions), and served the development of the economy and the constant improvement of living standards without allowing industrialization at the expense of agriculture. The objectives of agricultural policy were connected with production development: the details were worked out in the spring of 1957, focusing on the double task, and collectivization was considered a truly voluntary and long-range goal; by transforming the existing cooperatives into attractive large enterprises, agriculture and its cooperative sector were expected to develop simultaneously.

In December 1956 the government asked a committee of specialists with extensive expertise to work out a new economic policy and planning system. The committee, which was chaired by Istvan Varga and in which Gyorgy Peter was also given a significant role, worked out its proposals by the early summer of 1957. These proposals included the abolishment of command planning and the introduction of a mechanism based on the market, autonomous enterprises, and state interference limited primarily to economic means. In the initial months of operation, the workers' councils, which had been set up spontaneously during the fall of 1956, were slotted for reorganization, and could have become the bodies of democratic management in the autonomous enterprises, were to be part of the new economic model.

However, as a result of the power's unexpected rapid political stabilization, the workers' councils were broken up in the spring-summer of 1957 and were legally abolished during the fall. The reform draft built on the rejection of command planning, ordered by the government in December, was not seriously discussed in any forum by the summer of 1957; on the contrary, it was branded in numerous official statements, and in the press campaign of the NEPSZABADSAG, the GAZDASAGI FIGYELO, and the TARSADALMI SZEMLE as being revisionistic, an attempt to restore capitalism, intended to "peacefully smuggle back the goals of the counterrevolution which were unrealized through arms."

Contrary to the early December emphasis on discontinuity, it was precisely the continuities that the government's January 1957 program draft, and especially the June 1957 party congress, emphasized. The drafted principles and the developing economic practice were conceived in the spirit

of "we must do the same thing but better." This was applied primarily to the system of planning and management and its institutions. The party leadership wanted to substitute the rejected reform with a "rationalization" of the Stalinist economic model through partial and gradual corrections such as: the maintenance of command planning (though with fewer plan indexes); the maintenance of a fixed, non-market price system (though in a more sensible form after a one-time price regulation); the experimental introduction of the right of direct export (affecting four enterprises) by maintaining the system of price equalization, etc.

The rejection of the decided reform was due primarily to external factors. A conservative turn took place in the Soviet Union and China (the fear of the effects of the 20th Congress, i.e., "let every flower bloom," and a withdrawal). The Hungarian and Polish events put the danger of "revisionism" and "national communism" in the forefront again. (A public statement to this effect was made at the Moscow meeting of the Communist and Workers' parties in the fall of 1957.) From the summer of that year, the Hungarian party leadership put an emphasis on the fight against "revisionism," despite its continued insistence on the "two-front battle." It could do this, especially in view of the fact that it had a true basis for it.

Based on this, after the establishment of power, the internal conservative forces that were gaining strength recovered, despite the public defeat of the old party leadership at the 1957 Party Congress. On the ideological basis of the essentially unchanged Stalinist view of socialism, the MSZMP's majority center which, encouraged by the stabilization of power, was shifting toward the "left," considered the rejection of more shocking changes more important (assigning a greater value to continuity than to changes) and turned away from genuine reform. The leadership's ideological line and socialism's continued identification with its Stalinist structure made this natural for them after the stabilization of power.

Reform and Prosperity

In spite of this, Janos Kadar's party leadership drew important conclusions from the tragedy of 1956, implementing these in practice. In most issues it accepted and professed the post-1953 party opposition's criticism of the earlier practices and goals of change (which were reluctantly and hardly ever publicly called Stalinist). Giving up industrialization at the expense of living standards and supply, one of the most important economic factors in the storm of mass uproar that turned against the regime, the new policy's central point was that development should not be achieved at the expense of living standards. This was manifest not only in a one-time measure at the turn of 1956-57 of an approximately 18 percent raise in wages, but also in the practices of the following 2 decades. A moderate but constant improvement of living standards became a definitive characteristic of the period. This was supplemented by an effort to meet the demands of public consumption

and by a policy of an adequate supply of goods. During these 2 decades, solvent demand was covered by a constantly improving supply of goods. Even by historical standards, the period's most significant achievement, unique in modern Hungarian history, was a threefold increase in per capita real wages and public consumption.

(Food shortage was eliminated by the mid-1960's and supply reached the European standard. A boom in car ownership began which, beginning from practically zero, reached the present level of one car per every three families. The number of modern household appliances increased dramatically, also beginning from practically zero in 1958. Contrary to the earlier decline in the situation of housing, construction gained great momentum, the ownership of weekend plots and tourism increased, etc.)

Another important realization and practical achievement of the party leadership was that industrialization was not being conducted, not even temporarily, at the expense of agriculture. In fact, despite the industrialization, agriculture was also able to develop rapidly. Consequently, it was able to show a growth unheard of in the Stalinist model or in the practice of neighboring countries. While the annual growth in agriculture was 0.7 percent (one-third of worldwide growth) between 1938 and 1965, the growth in the following period reached 3-4 percent (twice the world average), putting Hungary in the top rank internationally in terms of per capita grain and meat production.

A new form of collectivization and the development of a new Hungarian cooperative model that "replaced" the Stalinist model were important factors in this success. Since its formation, the MSZMP had been championing the transformation of cooperatives. But it was only in its 1957 agrarian theses where it committed itself to a fundamental renewal and to a truly voluntary and gradual transformation, planned to take several decades. (This meant the acceptance of Imre Nagy's pre-1956 concept.) After 1956 it successfully fought against the newly emerging endeavors toward forcible collectivization that would destroy small-scale farming. However, in December 1958, 18 months after the rejection of a forced and rapid cooperative transformation, the Hungarian party leadership (due in part to the pressure on socialist countries) revised its position and made the implementation of mass collectivization dependent only on political conditions and not on all (including financial) conditions, in which an arbitrary evaluation of conditions was inherent. Thus the party returned to its earlier position that collectivization must not be dragged on for an extended period of time, and a rapid mass collectivization was started again.

In reality, the leadership had no trust in the peasant farm's demand for voluntary cooperatives. So the government followed the other socialist countries in rapid collectivization by beginning its implementation. However, it did not give up its principle that this must be accomplished without pressure on the independent peasant farms. The

fact that in the end it achieved new results through fundamentally different means is an indication of the MSZMP's values. After the tacit examination of the 1957 agrarian theses, collectivization was completed quite rapidly, almost within 2 years. This would have been inconceivable without the peasantry's resignation and acceptance of the unavoidable. (Before 1956, most peasants thought that the situation was temporary; this hope was ruined after 1956.) It would also have been impossible without pressure and coercion by the powers (although this time the latter was more disguised and could not be compared to the village terror of the early fifties). However, in addition to these two elements, the creation of peasant interest in reorganizing agriculture in a new way and through a new cooperative model was very significant.

While this mass collectivization meant a return to the Stalinist policy of stabilizing socialism, it also greatly differed from the latter. One of the differences was that it was done not by the "eradication of the kulak" but by the application of an appeasing and involving policy, i.e., by not adhering to the Soviet kolkhoz model, but instead stressing interest and a combination of individual and collective activity. The keeping of household livestock, the cultivation of communal lands through family sharing, the role of household plots in production, and the new methods of work organization and remuneration all played a role. All this was magnified by sizable state subsidies for the new cooperatives (and by allocating agriculture about 20 percent of all investments). The success of collectivization and the subsequent thriving of agriculture was eminently served by Hungary's own cooperative model and by the development and enforcement of a strict agricultural policy which, in the end, corrected and transformed the characteristic Stalinist model of collectives and cooperatives. (Lajos Feher played a historical role in this.)

In these two areas (living standards and agriculture), the MSZMP's economic policy made fundamental corrections in important elements of the Stalinist economic model.

While the party leadership was proclaiming and making efforts for a renewal, it was unable to completely break with the MDP's earlier practices concerning other fundamental spheres of economic policy. Three areas were especially affected by this detrimental continuity, namely, the character (structural principles) of the policy of industrialization, the one-sided subjection of infrastructural areas to industrialization, and the adherence to the main (although somewhat changed) features of the Stalinist view of socialism. (The latter was manifest not only in the area of ownership, i.e., in making the "primitive state property" an absolute principle, and in the exclusion of private activity, but also in the adherence for an entire decade to the essentially unchanged system of command planning.)

In addition to the emphasis on continued industrialization, the MSZMP from the beginning also laid down the importance of a development policy that was guided by

"traditions and potentials," rejecting both the obsession with quantity and the concept of the "country of iron and steel." Criticizing the earlier attempts at self-sufficiency and championing CEMA integration, it wanted to take a greater part in the international division of labor.

However, this policy led only to isolated partial results. The CEMA integration was successful only in the programs of energy and raw materials and, in addition to its provision of energy and raw materials for rapid quantitative growth, it also guaranteed, of course, the necessary export mass markets. However, integration, based on the outdated end product, remained generally unsuccessful in the processing industry. (For Hungary, the program of public conveyances was about the only one that yielded profits.) The endeavor to participate in the world economy did not succeed, and so Hungary remained outside the international flow of the newest scientific-technological advances and the incentives transmitted by world market competition. The one-sided CEMA orientation connected Hungary to an undemanding market which was unable to maintain a high level of technology in imports, and which pulled the country back because of its spoiling lack of demand for quality in exports.

Despite its rejection in principle, the development policy of the 1950's continued to live in several areas by way of inertia. The program of metallurgy was continued until the mid-1970's, although slower and to a lesser degree. The energy program used up extra resources, and the expansion of domestic raw materials resources through the heavy chemical industry emerged as a new element.

In the end, 66 to 75 percent of all industrial investments were absorbed by the energy and raw materials programs. This was an indication that industrialization was still a substitute for imports; it also made the enforcement of the announced principle, namely that intellectual production must be given preference over the material-intensive branches of production, impossible. The diesel program, the most significant development program of the processing industry, fell through in a few years. The level of technology and quality did not change either. (The system of interests and incentives continued to work against such a change.)

This was not conspicuous during the transient years following 1956 when the economy was compelled to slow down. But after 1960 new and rapid growth created new internal economic pressures and new conflicts in the economic policy, which was not attuned to these conditions. Already in the early 1960's the continued rejection of foreign-economic orientation and import-substituting development created pressures in foreign economy and debts. Trade relations with the world outside CEMA continued to be marginal and were limited to purchases of needed goods that were unavailable through CEMA. But even our limited imports still were not balanced with exports. (As a result of the continuation of import-substituting development, our products were not competitive.)

In addition to all this, the post-1956 corrections in the system of command planning did not work, substantiating the theoretical prognosis. In the wake of partial and out-of-context corrections and ill-matched measures (the last of which was the January 1964 introduction of the charge to assets), its operation did not really improve. After the repeated post-1960 acceleration, the distortions resulting from a lack of interest and markets again became conspicuous. In a shortage economy, a significant part of the produced goods were unmarketable due to a senseless "plan-overfulfillment" and a production of low-quality and unneeded goods; the lack of interest in investments also made it impossible to cool down the "feverishness" and decrease the amount of incomplete and frozen capital stock. All this in the mid-sixties again used up about 7 percent of national revenues (2 or 2.5 times the defense expenditures at that time).

The post-1956 correction of one-sided industrialization slowed down its pace, primarily by increasing the amount invested in living standards and in agrarian development. But in the development of the infrastructure, economic policy did not make an allowance for completing this correction. The infrastructure was still disproportionately and unjustifiably pushed to the background. (Its share increased in the sixties from 33 percent of investments to 40 percent at most. The branch's labor force hardly increased. The industry's labor force remained high, that of the services remained low.) The infrastructure's deterioration and the lag behind the period's new requirements increased the relative lag in this area, especially since the infrastructural revolution in the second half of the century, and the so-called human factors of development and their support, took place in part precisely through the new infrastructure.

These two essentially (quality-wise) unchanged elements of economic policy (the concept and structural principle of industrial development, and the continued subordination of infrastructural development) conserved in this respect the partially corrected policy of industrialization within the framework of the Stalinist model of development.

The fact that practically nothing happened with regard to the structure of ownership strengthened this continuity by definition: private activity remained low after 1956. The expansion of state store and restaurant contracting was also soon halted. No genuine measure was taken to set up a true communal ownership of the state enterprise. (The so-called factory councils, created after the abolishment of the workers' councils (1086/1957.XI.17), did not survive.) Thus the alienating state enterprise, under bureaucratically centralized management, was considered "socialism's property form of the highest order" during the entire period, while it preserved disinterest and inflexibility. Technological development was not in the interest of enterprises, and socialism's theoretically proclaimed benefits did not materialize.

The planning and management system, maintained for 1 decade after 1957, the rejection of a genuine reform, and the complete lack of change in the economic institutional

system were closely connected with this, in essence guaranteeing the continuity of the Stalinist economic model in the Hungarian economy, which went through a renewal after 1956 in several of its elements.

Under such conditions, rapid industrialization led to the development of Hungary's industrialized structure by the mid to late 1960's. More than half of total national revenues came from industry, with a fivefold increase in production, while only one-fifth came from agriculture. The country's export structure, too, was dominated by industrial products. Half of the labor force was employed in industry and construction. Hungary showed a tendency of catching up with more developed countries, a rare occurrence in its modern history, rising from a below-average, moderate level of development, and approaching the European average. (According to the calculations of Switzerland's P. Bairoch, it advanced from 70 percent of the European average in 1938 to 90 percent by 1973.)

However, all this continued to assure only a moderate level of development, and it perpetuated a relative backwardness in many respects, despite industrialization. The decades following World War II were an unprecedented period of rapid growth and change of quality in the world economy. For this reason, it was impossible in many areas to keep step with the new development requirements while catching up on old lags. This was true of technological transformation, of closing the gap in the new period of infrastructure, of structural requirements, and of the postwar achievements in the educational system (general secondary and mass higher education). The lagging internal level of quality and technology—(also referred to as the level of "quasi-development"), despite rapid growth and the modernization of the "large structures" (employment, production and exports), which in some cases preserved the level of quality and technology of underdeveloped countries within the structures characteristic of the developed industrial countries—had the same effect.

Thus, despite a tendency to close the gap, Hungary could not rise above a moderate European level of development.

But economy and living conditions were not the only important areas where genuine changes resulted from learning the lessons of 1956—and their practical application. The policy of alliance was revived as an indispensable element of the process of stabilization. The transformation of the agrarian and collectivization policies served as a new foundation for the alliance with the peasantry. Thus a special role was assigned to a reconciliation with the intelligentsia, based primarily on the renewal of the educational policy (training, science, and the arts). After 1956, this happened under quite difficult circumstances, for certain circles of the intelligentsia played an active role in the intensification of the political crisis and in the outbreak of the uprising; after the restoration of power this fact served again as a pretext for sectarian and anti-intellectual political endeavors.

(Not in the least, on the part of those groups which, through their inflexible conservativeness, had played a leading role in the development of this crisis.)

The concept and principles of the policy of reconciliation with the intelligentsia were drafted in the critical 1958 educational policy guidelines. However, it was only later, at the end of the period of reprisals and during the strengthening of the new political line, that their basic principles were gradually enforced, laying the foundations for the steady cultural upswing of the 1960's and 1970's, i.e., the golden age of the turn of the decade.

The policy of external and internal openness, the awareness of our cultural legacy, a more thorough artistic and scientific mastery of reality instead of dogmatically prescribed canons, and the expansion of education and cultural consumption that went hand in hand with the improvement of living standards resulted in a golden age of intellectual life which can be justly included among the period's historical achievements.

In this peaceful and productive period, the expansion of education resulted in mass secondary education, which included 90 percent of the age group, about 75 percent of which earned a secondary degree. The population's [8-year] elementary school education signified a climax in Hungarian history. In 1961, the introduction of compulsory secondary education was announced. Although this was not implemented for financial reasons (and conceptual mistakes), the average number of completed years rose to 11.

After the earlier artificial and mistaken separation of higher education and research, the policy guidelines and scientific practice succeeded somewhat in developing universities as scientific bases, while a great upward trend and a true renaissance of the social sciences were achieved through the cooperation of a modern and independent network of research institutes and through the declaration of the freedom of scientific research. It was important that, in the framework of greater freedom in general, Hungarian science began to reintegrate in the 1960's into universal science. Studying abroad, fellowships, and research at the world's leading institutions provided great incentives. Internationally renowned fields of Hungarian science were further developed and, as an important sign of the recognition of Hungarian science, Hungarian scientists became members of the closed and elected boards of 70 to 75 percent of international (not intergovernmental) scientific societies.

The discontinuation of the dictates of artistic taste accompanied a renewal of Hungarian literature, helping in the creation of new and permanent artistic achievements in poetry and drama. In the fine arts, too, new and modern trends gained ground in the 1960's, and significant artists are still active. The art of film rose to a high international rank, enriching universal art. Hungarian music became an internationally renowned part of universal music literature.

The greatest value of the cultural policy was its help in creating favorable conditions for these processes; in comparison with the other socialist countries, this created unique conditions for creative activity in science and art.

However, this increased support and tolerance went hand in hand with the continued presence of prohibition. Under the given international circumstances, prohibition was supposed to demonstrate, paradoxically, both a "control" of the cultural processes and an enforcement of a greater extent of freedom and requirements of the surviving political orthodoxies.

Precisely as a result of the unchanged political structure, this cultural and alliance policy struggled with obvious internal limitations: instead of recognizing the autonomy and freedom of intellectual partners, it stood, without organized and identified partners, on the foundation of tolerant liberalism. The regime's pragmatic rapport with the intelligentsia was also apparent in the cultural policy. This is what caused its lack of profile (as a function of the momentary situation), which resulted in a constant faltering between narrow-mindedness and liberalism. The alliance was formed between in-party exponents of a flexible cultural policy (Gyorgy Aczel in particular) and the leading figures and symbolic representatives of cultural life. This cannot be looked at as a mere ostensible relationship, for, considering the lack of a democratic and self-organizational avenue, this was the only way to achieve, contrary to the post-Stalinist framework, such an openness which had an extraordinary and radiant effect and which achieved the greatest—and most unique—degree of intellectual freedom possible under the given circumstances; this distinguished the Hungarian practice from that of its neighboring socialist countries and turned it into a model. Its effect was further strengthened by the intelligentsia's extensive involvement in drafting a reform policy, by the publication of the scientific policy guidelines, and by the thesis of Marxist hegemony as opposed to the earlier doctrine of its monopoly; all this created a rather liberal intellectual climate and openness in Hungary, which became an important pillar of the government's policy toward a consensus.

However, the lack of institutions and the symbolism of the alliance policy made this policy fragile. An indication of this was the fact that this alliance with the young generations could not be renewed in the given structure despite constant warnings. The principle and enforcement of Marxist hegemony would have also required a pluralistic institutional system in which the intellectual fronts could be clarified, and in which the intellectual battles could have been fought with respect for each other's autonomy. However, because of this lack, and because of the fragility of the alliance policy, a gradual undermining of hegemony took place under cover of the policy of hegemony. For it was impossible to bring the debates to an honorable end because that could have meant—or would have appeared as—the opponent's denunciation. Public criticism, while it could bring existential uncertainty for the criticized person, morally

killed the criticizer at the same time. Most often the lack of free debates resulted not from administrative restrictions (although from time to time these also played a role) but from the symbolism and structure of the alliance policy which lacked its institutions and which could either silence the groups with a claim to the role of hegemony or push them into a comfortable orthodoxy and a dearth of intellectual mobility.

A characteristic of the monolithic structure is the failure to enable the disclosure of basic social contradictions and to draft and represent the political alternatives both within the party (in the form of platform liberty or open factions) and without (in the form of alternative political organizations), transferring the tensions to the cultural and ideological planes. This perpetuates the problem of opposition in an unmanageable form, for political questions emerge in a cultural guise and, as such, prove to be unsolvable. It was the administration of cultural policy that had to respond to the "dangerous" tendencies of theoretical-ideological "errors" and cultural "degenerations," manifest in an unintelligible language. It did not help that the threatening dangers, resulting from the balance of political power, were insignificant in themselves. They became real only by virtue of the fact that administrative regulations were rather inward reminders and warnings for an alignment with the orthodoxies, and had no connection with the views or with the actual social influence of the circles that represented these views.

But until the early seventies, the internal contradictions and the indulgence "offered from above," which unavoidably resulted in excess subjectivity, were insignificant in comparison with the results of openness and cultural upswing.

The resulting rapid prospering of the intellectual base played a special role in the internal "self-generating" development of the Hungarian reform process. For in the atmosphere of a governmental attitude of pragmatic correctional willingness, the endeavors to solve the contradictions that emerged in society and the economy got their inspiration from the analytical reform proposals of the spiritual-intellectual circles. It would have been unthinkable for the party leadership to make a move without this in the mid-1960's, the time when the economy's internal problems and inadequacies resurfaced. The government's political experience and sense of reality, as well as the concurrence of developing reform principles, led the political leadership to the conclusion that the policy of partial and gradual corrections must be superseded by a previously rejected comprehensive reform. The emerging reform endeavors in the socialist countries (Soviet Union, Czechoslovakia, Poland) provided a favorable international background for this.

Through Rezso Nyers, the Central Committee's elected secretary of economic policy, the preparation of reform was provided with an adequate guarantee for replacing party officials. This was greatly reinforced by the early reform line of the agricultural policy (Lajos Feher), and thus a strong in-party reform wing was created. The

party leadership's majority center, having learned the lesson of 1956 and the subsequent mistakes, also supported their endeavors which were judged to coincide with the historical processes also taking place in the other socialist countries. There was no public opposition to the reform in Hungary of the mid-1960's. (The conservative proponents of the post-1956 reform debates were either silent or at least formally became supporters of the reform.)

But reservations and warnings about real (and alleged) dangers were also voiced. Sometimes the arguments for being cautious were mere covers for the preservation of the existing systems of interest, and the concern for "socialism" as preserved in the Stalinist structures. These were the primary roadblocks to reform and the cause for compromises.

The lack of essential changes in the Stalinist view of socialism (the rejection of any pluralism in the ownership and political structures and the absolutism of the bureaucratic and alienated form of state ownership) and a mere partial correction of the concept of socialism, in fact, the handling of the reform's preparation out of the ideological-political context, limited progress to begin with. Thus, the introduction of reform had to be supported by the defensive argument that it did not violate the principles of socialism, that the mechanism of control and planning was not identical with socialist production, and that socialism as a society of commodity production would not arbitrarily limit the application of the law of value. Although the element of the Stalinist theory, which declared the existence of two independent (capitalist and socialist) world markets, was not considered valid anymore, a thorough analysis of the situation and a drawing of realistic conclusions failed to take place. It did not become evident that, in its existing form and under the new balance of power, the development of socialism could take place only on the foundation of the capitalist world market, and that the main processes of a uniform world economy would be determined by the more developed capitalist economy to which one would inevitably have to adapt in order to avoid an isolation-induced lag. It was not made clear that this would entail far-reaching consequences for countries oriented toward socialism.

The decades-long norms and unrealistic utopian concepts of the "building" of socialism did not really change either. One must not forget that in the late 1960's concepts for implementing communism within two decades in the entire socialist camp were born. Under these circumstances, a change in ownership or in the political power structures, or the expectation of their pluralization (which was realistic in the period of transition), could not even be raised. Since Hungarian party leadership was forced to emphasize a fundamental constancy in order to avoid the criticism of the Soviet Union and the other CEMA countries, an ideological reform could not be put on the agenda; the Hungarian reform was forced into an "anti-theory" position and did not dare clarify its own actions and intentions. But this

pushed the reform policy into a pragmatism without a perspective. All this severely restricted reform.

The principles drafted during the course of the 1964-66 reform preparation and the May 1966 reform decision announced an ideal integration of central planning and market economy which included only the benefits of both without their drawbacks. The regulated market, the independent enterprise motivated by profits, and indirect economic planning in place of central directives promised an unequivocal abolishment of the Stalinist model. The idea of examining whether the planning system's extremely limited market (which earlier arbitrarily substituted for the free market) would work or would be suitable for transmitting the effects of the market did not even come up. (Although the market was strictly limited both in terms of its separation from the world market and the continued exclusion of other spheres of the market (labor force, capital), not to mention the fact that the commodity market was limited in itself.) Accordingly, the Hungarian government presented its reform proposals at the CEMA's 1971 Bucharest meeting, urging for changes in the economic relations between the member countries to make them geared to the market. However, this endeavor remained isolated and was rejected. The continued "command" model of CEMA relations, which played a decisive role in Hungarian foreign trade, was a strong external barrier against the isolated Hungarian reform.

Even so, the introduction of the reform was a significant step forward, especially since it was connected with the reorientation of economic policy. It was emphasized even in its justification that resources for the extensive industrialization, based on additional labor force and additional workplaces, became depleted, and that continued growth can be maintained only through an increase in productivity. The process included stressing quality instead of quantity. Ultimately, the introduction of reform was closely connected with recognizing the foreign economy's significance, with elimination of import-substituting development, and with the preferential treatment of foreign economic relations. It promised something new based on expertise, qualifications, and know-how, and not on the "nomenclature" [roster] and on the selection of officials on the basis of political dependability. This was, then, a great historical opportunity (as also in a few European and Latin American countries in the mid-1960's) of a successful change of direction in economic policy, of a change from the import substitution of the initial period of industrialization to an export-oriented and integrative development. This is also what a consistent implementation of the reform's principles and econopolitical relationships would have served in Hungary.

However, a series of compromises were included in the system of reforms during the course of preparation between 1966 and 1968.

For instance, the political structures and the economic institutional system (including the retention of overcentralized and huge monopolistic industrial and service

enterprises) remained unchanged. The earlier structure and personnel of the state and party apparatus, suitable for sector supervision (which was the very reason for its existence), the bank system, suitable for the Soviet model, the monopoly in foreign trade, etc. were also retained.

The economic leadership put special emphasis on gradual proceedings. This is why, in the case of the price system and other areas of reform, it wanted to proceed in two phases. Thus, 1968 still saw several limitations and old ways in effect, with the explicit objective of continued reform into the 1970's involving the second phase: the development of a market economy.

The introduction of still more operations was planned after 1968 (the change of enterprise monopoly and the centralized bank system, the preparations to make the forint convertible, etc.). But these could not be carried out because the 1968 intervention in Czechoslovakia and its political and ideological aftermath, as well as the following conservative turn, isolated the Hungarian reform, subjecting it soon afterward to criticism and pressure from the outside, and inevitably strengthening the conservative tendencies from the inside (including the reorientation within the party center).

Even so, the economic reform that was implemented on the basis of the 1966 decision was truly a historical step. Command planning was abolished in Hungary. Regulation through economic means instead of direct orders eliminated many anomalies of the system. There was an increased interest, and new initiative energies were released. The reform was most successful (again) in agriculture. It was only now that the independent cooperative enterprise and management could flourish. This was aided by a more flexible and market-oriented price system and the abolishment of many earlier ideological constraints, leading to the prospering of household farming and the rapid development of auxiliary production activity. Even the Hungarian economy as a whole became more flexible and mobile. All this greatly contributed to the beginning of a change that turned agricultural production into a more industry-like operation. It was during this period that cooperative agriculture abandoned its artisan traditions and began its large industrial phase. Even in worldwide comparison, Hungarian agriculture reached an extremely fast-paced development, and Hungary, once a backward country in terms of per capita production, became one of the leading countries. The supply of goods was improved in general and consumption shortages were eliminated in many areas. Growth as a whole became more rapid and more even.

The true successes of the MSZMP's policy were unfolded mainly during the decade following the mid-1960's: the years of preparation and introduction of reform. These were the years when, as a result of the boom in the world economy and of making better use of the driving forces of interest and incentive, the results of the processes for closing the gap matured and became perceptible to the population. On the basis of this higher level of economic development and improved living standards, in the

climate of restored lawfulness and increased political tolerance, and, in coming out of a decades-long isolation and leaving the extreme one-sidedness of international relations behind, Hungary began to claim its place in the world. The new generations stepped into the adult world with confidence and higher expectations.

National self-esteem and self-confidence were significantly strengthened. A large part of the population felt that something special, something significant had been achieved, that Hungary was in a better situation than most of its neighboring countries. Reaching back to the traditions of Istvan Szechenyi and Jozsef Eotvos, the intellectual circles revalued historical rationality, the status and honor of everyday reform activity that would bring financial gains, and the evaluation of good compromises.

During these years, Hungarian society definitely came closer to political power. It was less alienated than before. This was manifest in Janos Kadar's definite popularity which he earned as a successful, realistic politician and a "sober-minded" reformer, who masterfully took advantage of the few opportunities that emerged within the strict limitations. In this atmosphere of peaceful constructive work, stability, and growth, even the intelligentsia accepted the fact that its rights and opportunities were offered to it in part as "concessions," and that it had to accept taboos in the exercise of human and political rights and in historical and political thought. It tacitly came to terms with having to refrain from raising certain questions of domestic and foreign policy which would put the government in an embarrassing position and thus endanger the attainable results. The power and the people "winked at each other," as it were, and did whatever seemed possible.

This political consensus was built on real econosocial and political achievements. It was not based on a mere "goulash socialism" of a people "corrupted" by a better supply of goods and higher consumption. This factor was not insignificant either, of course. Particularly not in the daily comparisons made among the population with the neighboring socialist countries, partly through mass travel and through the perception of the situation of Hungarian minorities living in neighboring countries. And these comparisons proved to be favorable, not only in terms of living standards and the supply of goods but also in the degree of freedom.

Hungarian society also seemed to become more mature in the climate of social peace and trust. Although it lacked and needed many things and, it had its opinion (which could be voiced only among friends) on the limitations of human rights and of the extremely confined possibilities in having a say, it accepted the fact that more true social equality was developing than ever before through improved schooling, the real processes of social change, the abolishment of the earlier caste-like and extreme differences, and village society becoming uniform. Society was reserved, non-committal, or mistrustful toward many things, but it recognized that the proclamation of socialism and the past hard decades had their intrinsic value.

It accepted, on the basis of the fact and the feeling of progress, that it would be improper and disadvantageous to harp on certain questions and that it must adjust itself to the country's geopolitical realities.

But the introduction and first years of the reform were embedded in a special international climate. The year of the Hungarian reform, 1968, became the turning point of an unfavorable change. That year saw the climax of the postwar international shift to the left and the increase of Marxism's prestige. A real "student revolution" spread through Western Europe and the United States. But this leftist climax proved to be the beginning of a turn in the opposite direction. The conservative turn that soon spread through the western world brought leftism into retreat through the predominance of neoliberal ideologies, the Reagan-Thatcher conservatism, social democracy's beginning decline, and the defeat of Keynesianism. Everywhere in the socialist world, from the suppression of the attempts of renewal in Czechoslovakia by external military force, to the rage of the Chinese cultural revolution and the Brezhnev big-power politics, the policy of confrontation prevailed. It was almost symbolic that the first and extremely exclusive group of the opposition, which voiced more than just internal criticism, emerged after a decade of pause precisely in 1968 and in connection with the events in Czechoslovakia.

Progress in Hungary maintained its momentum for a while, and this was manifest not only in the implementation of reform but also in a strong Marxist renaissance in the circle of the young intellectual generations and in a fad-like leftism.

But the Hungarian process of balance and progress came to a halt in the mid-1970's. The primary, and in many respects the beginning cause for this, was an internal attack against the economic reform which had become a symbol of the MSZMP.

CHAPTER IV

The Quelling of Reform. Changes in the World Economy and the Pressure to Adapt—The Inability to Adapt and the Development of a Crisis (1973-88)

The Offensive Against Reform

The isolated Hungarian reform, burdened with compromises to begin with, halted at the turn of the 1970's. The beginning of its second phase was taken off the agenda, i.e., it was aborted, and consequently became contradictory.

To a great extent this was due to the anti-reform conservative political offensive becoming organized through strong external support in the fall of 1972; this happened in essence in the spirit of the Stalinist concept of socialism and within the institutional system and political structure that had hardly changed. A group of the leadership (Zoltan Komocsin, Bela Biszku, and Arpad Pullai

in particular) presumably wanted to connect this with political goals and the assurance of succession.

Criticizing the distorted implementation of the reform, the post-1968 practices were called a predominance of petty bourgeois acquisitiveness and a violation of the principles of socialism and workers' interests. The correction of these practices not only halted the reform processes and blocked the drafting of "the second phase," but also began to roll back the unfinished reform. The conservative wing of the party leadership, arguing for a return (or near return) to the economic model of socialist countries, and referring to the norms of the Stalinist interpretation of socialism, caused hesitation in the party center as well, which then abandoned the idea of reform. The reform wing was devastated. Its key personalities (Rezso Nyers, Lajos Feher, and Jeno Fock in particular) were removed from the political leadership.

An informal recentralization began. The 50 largest enterprises were put under direct state control. Because of a lack of normative regulations, it became possible to manipulate the regulators as quasi-directives. (As the regulation bargaining was also developed to replace plan bargaining.) The simulated market that replaced the real market was unable to carry out its real market functions. The price system, which continued to be disarranged by artificial and new mass subsidies, had no orientational and incentive effects. Contrary to the original concept of the reform, the combination of plan and market repeatedly combined the disadvantages, not the benefits, of the two systems (e.g., the partial change of the market with the monopoly of the large-industrial enterprise). The system of management through indirect orders was perpetuated.

As a signal for recentralization, the authority of the National Planning Office and its planning was greatly increased, and the State Planning Committee was formed. It was stated, contrary to market demands, that "the stability of prices must be maximally maintained."

All this was connected to the emphasis on protecting the interests of, and giving preferential treatment to, the workers, especially those working in the large state industry. The statement of the Central Committee's November 1972 meeting proclaimed a "workers' policy" which was virtually based on the concept of the classic 19th-century social structure. The class-struggle view of society was manifest in the admittance of workers to the university without a high school diploma and in the national campaign of mass appointments of unqualified workers to leading positions. Only workers were newly admitted to party membership, and the Politburo's resolution, related to the MSZMP's "social composition," condemned the view which "assigns a more-than-necessary significance ... to the party's intelligentsia." Considering the white collar workers' 41 percent membership ratio "unfavorable," an outdated "class attitude," which was contrary to the real processes of social stratification and the requirements of the period, prevailed.

At the same time the party again took a strong line against "bourgeois and petty bourgeois manifestations and all forms of individualism and selfishness that disregard socialism's great historical interests and perspectives." In the spirit of an ideological restoration of order, a few representatives of the so-called Lukacs school and certain sociologists were brought to heel through administrative measures. The March 1973 statement of the MSZMP Central Committee's Cultural Policy Working Collective regarding "the anti-Marxist views of a few sociologists" led to the practical exclusion of this group from Hungary's intellectual life. Condemning their views on the pluralization of Marxism and pluralization in general, and rejecting their view that socialism's criticism of capitalism, in terms of efficiency, had lost its relevance, and their general criticism of socialism's bureaucratic model as well, this offensive against them was, at the same time, an admonition and a warning to inner party circles to follow the lead of orthodoxy. It was also meant to demonstrate the "stability of the socialist ideology" to the outside world, and not only fend off the external criticism of reform and the liberal cultural policy, but also to avert the "greater evil."

The reprisal (which also entailed a dismissal from research activities) clearly demarcated the reform's theoretical and ideological boundaries. It made it clear to sociologists that the taboos were strong, and that making a generalized theoretical model of the characteristics of Hungarian ways would not be allowed. The prolonged debates on Gyorgy Lukacs were connected to this. During the times of challenge to reform, they tried to integrate Lukacs' work by making his criticism of Stalinism and his writings on socialist democracy unavailable, thus reducing the chance for their influence on the debate on socialism.

The MSZMP's ideological line revived and strengthened important theses of the Stalinist ideology. The party leadership opened a "debate on property" through a doctrinal approach, breaking with the virtue of sensitivity toward reality, emphasizing again the thesis (already abandoned after 1956) of the supremacy of state property as opposed to cooperative property. "The strengthening of the socialist character of property relationships" was designated as a long-term avenue to be followed right away, primarily by making cooperative property come nearer to state property. They also wanted to limit the circle of private and personal property on the same doctrinal basis, replacing it with the leasing of state property. The strengthening of communal forms and an entire series of measures of equalization were supposed to immediately begin the implementation of these principles.

All these endeavors were clearly spelled out in the 1975 MSZMP platform statement which completely disregarded the noteworthy results of sociological research between 1960 and 1970. The policy swept aside not only the exploration of society's real structural characteristics and stratification, and the criticism of reality and reform concepts formulated in the results of economic research, but also the results of the analysis of contemporary

capitalism. The platform's view of the world ran contrary to reality. It described socialism as an international system which worked well, was progressive, was building a highly developed socialism proceeding toward communism, and was self-correcting, while through the scheme of a quarter-century before, it depicted capitalism as a decaying system, incapable of renewal, characterized by a deepening general crisis, by an increasing class struggle of the proletariat, and by masses of workers looking at socialism as the way out of irresolvable contradictions.

The reform line of the 1960's and the anti-reformism of the 1970's makes it historically evident that, despite the constant and emphatic need for and proclamation of party unity, actually two lines (that of reform and that of the conservative wing) coexisted in the MSZMP, mostly on the basis of compromise, while the majority center sided with one or the other line during the times of critical change thus assuring its dominance. But the safeguarding of traditional party unity and the organization that rejected deviating platforms concealed this fact.

The Structural Crisis in the World Economy and Its Effects

This was the intellectual-practical climate in which the spectacular landmark of the oil price explosion reached Hungary in the fall of 1973; massive processes of change in the world economy surfaced, entailing acute crisis symptoms, unusual new occurrences (inflation coupled with stagnation), and boisterous changes in prices and terms of trade. A technological revolution and a structural crisis elicited by the "change of technical regime" lay at the bottom of the processes. Contrary to the leading countries that adopted the new technology and the ensuing change in the economic structure, all other countries went through a structural crisis and were forced to adapt and change. The affluent countries with well-developed educational systems were able to deal with this pressure after the temporary but great shock of the early 1980's (extensive unemployment, the termination of certain sectors, high inflation, a vast decrease in production and real wages, etc.).

Less-developed or backward countries had less success. Particularly if such a country was following the path of import-substituting industrialization (which meant that self-sufficiency was given preference at the expense of competitiveness on the world market). More than 50 such countries (mostly from the Third World) became insolvent.

Since Hungary, despite its rapid industrialization, was a moderately developed European country, and had been following the path of import substitution, looking back to a long series of antecedents, the objective preconditions for adapting to the changes in the world economy were unfavorable. The ambiguity of the model of economic reform, the suspension and abortion of the reform, and the restoration of the Stalinist ideology precisely at the time of change in the world economy,

hindered at the worst time the perception and assessment of—and the response to—the effects of the world economy. Of course, evaluating the new situation was not easy; it was hard to decide whether the difficulties had international political causes or were manifestations of a recurring crisis, characteristic of capitalist economy, or whether, perhaps, longer-range and more vital changes were taking place. But old reflexes came into play in the new situation: the crisis was not supposed to affect the socialist economy, it was expected to stop at the border at Hegyeshalom.

Accordingly, the situation was not assessed for a long time and, strangely, Hungarian economic policy did not respond to the changes for 5 years. It followed the same path as before, pressuring for rapid growth and an increase of workers' real wages through central measures. And, as a consequence of the oil price explosion, the terms of Hungarian foreign trade had been spectacularly deteriorating since 1974, soon causing losses amounting to over 20 percent. In this situation about 12 percent increase in foreign trade, necessary for continued annual economic growth of about 6 percent, accumulated a formidable deficit. In the end, during this decade the Hungarian national economy lost an entire year of national revenues. The amount of losses equaled the country's material losses during World War II. This was brought about partly by the effects of Hungary's given level of development and the changes in the world economy, and partly by the lack of response.

In accordance with the conservative turn that took place in the party, the economic leadership (under the direction of Karoly Nemeth who replaced Rezso Nyers) chose the policy of "restoring order" in dealing with the emerging economic troubles. Expecting results from administrative measures, it introduced a work force freeze and other central measures. The government, under Gyorgy Lazar who replaced Jeno Fock, rectified the imbalance and the relative devaluation of Hungarian export articles on the world market through (then still cheap) credits available on the international money market. A debt of 8 billion dollars was accumulated between 1973 and 1978, following the balance of payments surplus of the early 1970's. (In 1978 the amount of debts increased twice as rapidly as in previous years.)

Because of the economy's uncompetitiveness stemming from its outdated structure and technology, indebtedness became a characteristic "self-generating" process, for more and more new credits had to be used for credit repayments, and thus indebtedness bred indebtedness. The situation was made even worse by the fact that Hungary balanced the approximately 40 percent fall in CEMA-related terms of trade with extra shipments (e.g., by shipping 4,000 instead of 500 buses for the same amount of oil, which increased both the amount of hard-currency debts and the lack of balance, since an average of about 30 percent of imports from dollar accounts were built into Hungarian products.) In the end (in practical terms up to the mid-1980's) only 3 or 4 billion dollars of all the external credit actually purchased were used. The rest were consumed by

the massive international price increases, the increasing subsidies for reducing the amount and volume of imports, and the subsidies in ruble exports; in a short time these ruined most of the partial results of the January 1968 price reform.

The enterprises "consumed" most of the acquired credit, since the energy and raw materials bought in external markets at high prices were sold to them at low subsidized prices. This also made it unnecessary for them to respond to the new circumstances of which in reality, they were not even aware. The population also received a share of the credits, in part through price subsidies and in part through further increases of real wages by pressure for a general increase.

The loss of balance in the economy progressing on the same path and at the same pace as before, and the process of increasing (and rapidly accelerating) indebtedness led to an extremely grave situation.

Meanwhile the recognition emerged that what was happening was not a mere recurring crisis or a predicament limited to the capitalist world. True, it was thought in the beginning that the new price relations, brought about by the increase of energy and raw material prices, signified a permanent change, and there was talk of a new period that would change the earlier value system. It became evident only after a few years that, in the long run, the optimum prices would be carried not by energy and raw material production but by products made with the most up-to-date technology and by goods that reflected high intellectual values and knowledge, and that the producers of these would be the real beneficiaries of the change resulting from the structural crisis.

However, the change in the period's character became evident, and looking for new ways and directions became imperative. As a first step, the necessary avenues for a long-term strategy and structural change of foreign economy, and a new strategy of Hungarian adaptation were developed. These were codified in the October 1977 Central Committee resolution. For the first time in the history of the socialist countries, it specified the requirement of an export-oriented development as opposed to import-substituting development as a new fundamental principle of Hungarian economic development. This suggested, already then, the unavoidability of a return to reform, even though central decisions to implement these strategic realizations were still expected in the resolution.

The Return to Cautious Reform

After a relatively short transition, there truly was a return to reform at the end of 1978, gaining new momentum in 1979-80. (This turn was signaled again by replacements of officials: Bela Biszku and Arpad Pullai, representatives of the party leadership's conservative wing, were removed, and Karoly Nemeth, the Central Committee's Secretary of Economic Policy, was replaced by Ferenc Havasi. But it was even more important that an

"internal change of course," from reform criticism to a reform platform, took place in the party leadership's majority center.)

However, this new and favorable turn characteristically coincided with the unfavorable changes in international politics. The new wave of cold war and the intensified arms race that followed Brezhnev's mistaken intervention in Afghanistan inflicted a blow on East-West relations and adversely affected, on both sides, the reform environment and conditions. Through a much more flexible line, Hungarian foreign policy (by going against the general East-West tendencies) made huge strides and achieved great success in strengthening foreign relations, exemplified by the unique Hungarian-American relations.

After the signing of the Helsinki Accord and the 1976 Berlin meeting of the leaders of the socialist countries, an ideological change began to take place in the Hungarian foreign policy of the earlier decades. In addition to the unchanged policy of honoring contract agreements, the representation of independent national interests in foreign policy became more explicit. Contrary to the earlier extreme one-sidedness, Hungary's foreign-policy began a gradual "reintegration" into Europe and the world. With self-awareness, authority, and success, Hungary represented the principles of small countries in world politics and of building bridges between East and West. This helped in offsetting many adverse international influences. Despite this, however, the fundamental goal was to adapt the new reform endeavors of the 1980's to the worst years of the Brezhnev policy, which was becoming more rigid, more dogmatic, and more apologetic. Thus the external conditions for a return to reform were mostly unfavorable. This made the MSZMP leadership more cautious and somewhat hesitating with regard to the dynamism and radicalism of the reform policy's continuation.

In the end, the years between 1978 and May 1988 became "the years of stagnation" in Hungary, despite the new and mostly useful recognitions, and partly due to the effects mentioned. Neither the principles of long-term strategies of foreign policy and structural change, nor a genuine and comprehensive development of reform were enforced, despite certain partial measures (which may have been important in themselves) and the implementation of inconsistent reform guidelines. There was a general absence of decisions and practical steps. Good decisions did not become reality. The party and the government procrastinated and postponed most of the tasks to be carried out, since—partly because of political-ideological considerations and partly because of habits going back three decades—they did not want to bear the social pressures and conflicts that any action would inevitably entail.

They did not want to face the necessity of abandoning the standard of living policy they had followed for 2 decades, and they did not want to give up the principle of total employment. Ideological reasoning and caution, and the conviction that expanding the 1968 reform limits was impossible, increasingly stood in the way of advance. The

party leadership still thought that the most important thing was to publicly separate itself from the search for any kind of a "Hungarian model" and—even rejecting the term itself—to emphasize its identity with the other socialist countries. "The reform's reform," the slogan-like requirement voiced during the passionate economic debates of the early 1980's which urged for developing a new phase of the reform process and a turn that would go beyond the 1968 compromises, was ideologically opposed and rejected by the party leadership. This time, too, as earlier, only *corrections* of the existing, ambiguous, and limited reform model were given a green light.

In this situation, the past decade became a scene of contradictions and contradictory measures, when decisions which were made on the basis of old reflexes, and which contradicted the new situation, or processes continued by the force of inertia, were mixed with genuine but mostly out-of-context reform measures. Short and long-term interests collided in haphazard contradictions during the entire period, and many balance-restoring measures which were beneficial in the short run became detrimental in the long run because of their one-sided application. Some of the decade's beneficial partial measures and achievements were turned upside-down because of a lack of consistent thought and decisive and coordinated action.

There is a long list of measures which were good and important in themselves. The 1979-80 reform of producer and consumer prices, implemented in two phases, was an effort to restore or even to further develop the 1968 price system. The early 1980's saw the legalization of the most diverse auxiliary private activities of the so-called second economy, which was perhaps the most important step that could be used as a model. Accordingly, in addition to its already existing important role in agriculture, auxiliary private business also became decisive during the decade in the areas of construction and services. Numerous new combinations of state and cooperative property and private business emerged, e.g., the private contracting of state stores and restaurants, the much-debated enterprise workers' partnerships, etc. There were many new forms of auxiliary moonlighting. By producing almost one-third of national revenues and almost doubling the population's incomes, this measure released significant reserves. All this was achieved through a significant increase in labor input and a "self-exploitation" of large masses of the population. The independent private sector was significantly increased (from 3 to 6 percent) but still remained modest. However, all this together launched an economic pluralization and the correction of mistakes made during the times of "overnationalization." This was about the only way in which a significant part of the population was able to combat the stagnation of the national economy throughout most of the decade. At the same time, it began a process of income differentiation which was inconceivable earlier and which caused social tensions.

The launching of an institutional reform, which began in 1968, was also an important step; it started at the beginning of the decade with the fusion of the industrial

branch ministries into a single ministry, and with the first important steps toward the elimination of large-enterprise monopolies which stood in the way of real market conditions, leading in the second half of the decade to a partial transformation of the remaining centralized bank system that was suitable for the Stalinist economic model. Through these steps, a new 1984 measure (in preparation since 1982), aimed at strengthening enterprise autonomy, introduced a structural change: it created the enterprise councils with the authority to appoint directors. But this system, which was neither centralized nor autonomous, soon proved to be unfavorable.

Fitting into this partial and gradual process of correction, although elicited only by the most serious necessity and criticized by several neighboring countries, boldly joining the International Monetary Fund assured an immediate protective umbrella in the credit crisis when it came to light that a "socialist protective umbrella" did not exist. A flawed, western-type value-added tax and a progressive income tax were compulsively and hurriedly introduced which, unlike the justified goal of a modern tax system, elicited a decrease in surplus production which was contrary to the fundamental principles of reform.

The crisis management of the Hungarian economy's loss of balance deserves to be pointed out among the decade's economic achievements; it brought temporary relief between 1979 and 1982 and averted the danger of insolvency in 1982-83. However, all this was achieved primarily through an increase of exports (plus a radical curbing of imports and the mobilization of reserves—combined with certain elements of wasteful management) and money market operations that brought temporary success (rate of exchange profits).

However, the relief proved to be temporary and contradictory. The one-sided, short-term, and restrictive endeavors to restore balance turned into their opposites: the balance in foreign trade and the improvement of the balance of payments created by the restrictions and the radical reduction of imports and investments (from 26-27 percent to 10-11 percent of national revenues) were only temporary. But after a few years it unavoidably perpetuated a loss of balance, for it undermined the foundations for a permanent increase of exports.

Permanent crisis centers were created, and up-to-date and competitive production branches failed to develop. Although a collapse was successfully avoided twice, the "spiral of restrictions" elicited not only a recurring lack of balance but also a permanent stagnation and recession in the economy. This kind of crisis management was unable to halt the continued accumulation of debts (a manifestation of loss of balance) which increased the total debt—allowing for fluctuations of exchange—by 4 billion dollars in only 2 years (1985-86). It led to an accumulation of 18 billion dollars by 1988, to an encumbering commitment to repay 2-3 billion dollars annually, and to interest charges of over 1 billion dollars. In the end, a decade after the adoption of this policy, the

situation became much more difficult than the situation for which this policy was originally adopted.

Another negative factor surfaces in the evaluation, namely that the policy which restored the balance also strongly opposed reform. The necessary and constant violations of restrictions, market relations, and normative regulations, i.e., the adoption of so-called "manual steering," created a strong policy of interference. The degree of centralization was unprecedented in many respects. What would have been acceptable for a period of 2 to 4 years as a temporary measure became detrimental by becoming permanent.

If, in a decade of economic achievements, the crisis management failed and contributed to the development of even more serious conditions, then the return to reform and the decade-long partial corrective measures did not entail—in spite of being mostly beneficial in themselves—a more efficient and better functioning of the economy. There were two reasons for this. The first was the lack of consistency in the series of measures. For instance, the incentives for personal initiative, auxiliary private business, and much extra labor input were thwarted after a few years by the income equalizing tendency of the personal income tax. The efficiency of the enterprise tax system's reform was undermined by the faulty price system. The structural strengthening of enterprise autonomy was thwarted by the practice of "manual steering."

The second reason was the adherence to the earlier concepts of reform and the unequivocal rejection of the "reform's reform" which would have brought change. This political-ideological self-limitation avoided the main issues, namely the creation of a real (rather than simulated) market, a price system that would automatically transmit the effects of the world market, and the introduction of a wage system, indispensable for the consistent abolishment of subsidies and for the adoption of a long-term strategy.

Thus, as a consequence of conceptual shortcomings, many corrective steps brought only minimal results since they were unable (or unwilling) to adopt the "critical extent," the indispensable radicalism, and the comprehensive order of the reforms which could have led to the development of new quality instead of mere changes within the given control system.

The Unfolding of a Crisis

It was just as significant from the aspect of the decade's economic processes, that the implementation of long-term goals of foreign economy and structural change did not take place at all despite a certain awareness in economic planning. Instead of deliberate and gradual but decisive action, the economy's party leadership (Ferenc Havasi) presented arguments regarding the negative effects of the implementation of this policy and why a change would be impossible. The party leadership was unwilling to accept the responsibility for the tensions and shocks that the changes would entail. By the

1980's all countries which tried to cope with these difficulties had withstood the hardest phase of the change through temporary unemployment, a higher rate of inflation, and a temporary decrease in real wages. But the Hungarian policy kept postponing the measures that promised long-term solutions, and was in fact able for years to avert a major recession, inflation, and unemployment. It also slowed down the decrease in real wages but was unable to sustain the advertised level of living standards. Old reflexes, ideological principles (total employment, compulsory growth, etc.), strong and successful interest-protecting groups (lobbies) and, last but not least, the government's ineptness all played a role in this.

The unchanged investment policy, which resulted from the maintenance of the old structure and had an inertia-like effect, was connected to this. The severely depleted development resources, which should have been invested in the development of the desirable structure, were absorbed again and again by the continued and increasingly detrimental maintenance and operation of the old structure. In the 1970's and 1980's the government tried to meet the unlimited and increasing energy needs of the branches that had been developed since the 1950's (which were energy- and material-intensive and largely in crisis) through repeated and flawed major investments, thereby gradually lessening the country's possibilities for finding a way out.

In addition to the disadvantageous and economically detrimental major energy investments that were started during the energy panic (e.g., the 1976 Eocene program, the 1977 Nagymaros Dam, and the extremely burdensome Tengiz project), the determined continuation of the old investment policy (characteristic of the Stalinist economic policy since the beginning of its adoption, and absolutely contrary to Hungary's natural endowments) and the use of 75 percent of major industrial investments for energy and raw material production can also be emphasized. If this was a mistake in the 1950's, it was an even greater mistake in the 1970's and 1980's when the indispensable and proclaimed structural changes should have been borne by the very processing industry that had been neglected.

Thus, a characteristic magic circle developed, from which the economic leadership could not find an escape. At the same time, the branches, which were extremely important in terms of a long-term solution, did not get any resources and were stagnating or even dwindling. The collapse of the enterprises in crisis with permanent deficits, which would have caused mass unemployment, could be prevented only through huge subsidies, and the necessary money—soon reaching 200 billion forints—could be raised only by ransoming the successful enterprises and by placing extra burdens on the population. Thus, the annual state allocations were helping only the weak, the inept, and the branch in crisis; this was, despite the enunciated slogans, a policy that defied structural change.

The ineptness in adapting to the world market continued to orient the Hungarian enterprises toward the less

exacting CEMA market and thus preserved the earlier inadequacies. Since the supply capacity of the member countries was rather limited because of their own sudden halt (price losses suffered even in this market had to be offset by extra deliveries), and since in the second half of the 1980's (the time when Hungary had better terms of trade) the partners were unable to complement their price losses with extra deliveries, Hungarian credit—and indebtedness to Hungary (i.e., an export of Hungarian capital)—was gradually increasing.

Not only the new and sorely needed "tug-sectors" (e.g., the higher-quality processing of goods made in the earlier production branches, including the food industry) but also the sphere of education and research suffered from the great losses in the Hungarian economy and from the extremely sluggish change in its structure—precisely at a time when these were preferential areas in countries which found progressive solutions. It also became clear by this time that the educational system was burdened by accumulated problems. The number of students in higher education (12 percent of the age group) was significantly below the European average (20-23 percent). The 10-year erosion of research greatly increased the lag behind developed countries in infrastructure, forcing a barely surviving basic research into practical spheres. The detrimental economic tendencies that were contrary to the development of needed processes prevailed in other respects as well. For instance, a wage and income policy (drafted in accordance with the new requirements of structure and quality) was not only missing, but even took a negative turn—precisely in the period (especially during the past 15 years) when the value of intellectual work had increased internationally, and when its value plummeted (even further) in Hungary.

In the end, it was precisely the unfavorable structural policy of the period between 1973 and 1988 that had the most adverse effect on the hurried acceleration, resulting in Hungary's great loss of balance. As a result of the simultaneous losses in rates of exchange and the increasing burdens of interest payments, Hungary's total dollar debts almost doubled soon afterward.

Beginning in the late 1970's, the decline in the economy and living standards, and the increasing economic problems resulting from the policy of muddling through, were gradually transformed into social and political tensions.

Most of the population was affected by the halt of growth in consumption (and even its decline) and by the reclassification of many articles considered "normal" items as luxury items, attainable only by a few. The declining role of education, culture, health care, and social policies grew into a social problem. In some cases, there was even the threat of having to shut down operations altogether because of the absolute slump caused by traditional allocation based on the "principle of leftovers".

The lack of resources and decreasing state patronage made the earlier priorities less and less attainable. Although the "marketization" of the cultural sphere

could substitute for some of the missing resources, it also eroded many common and important values, which in turn also became confused and commercialized. Since the democratization of culture represented the value of a fundamental socialist achievement, the material decline in this sphere led to the reexamination of socialism's legitimacy.

The situation was similar in the area of social policy. Social security and social policy, which were ahead of the economy, were part of the fundamental achievements of a society progressing toward socialism. In this respect, the places vacated by the retreating state remained largely unfilled, resulting in increased burdens on the population. This not only threatened the subsistence of the individual social strata, but also became a factor in the legitimate crisis of social conditions: contrary to its earlier "rapid advance," Hungarian social policy was seriously lagging behind several capitalist countries by the mid-1980's.

Too many burdens have been accumulating on the shoulders of the population. At present there are about 2 million people living below the subsistence level. (This was made even worse by the fact that while earlier even a hint of poverty was banned and it was the opposition which first dared mention it publicly, it has been widely publicized in 1988-89, giving it the appearance of being something entirely new.) However, many old people became really destitute. The new generations were facing unsolvable problems: starting an independent life and family and making a home without parental help became practically impossible for them. All this was made even worse not only by the general decline of the population's health (which had various causes but which was also emotionally connected to the factors mentioned above), but also by a radically increased mortality rate and the resulting demographic decline, which by the mid-1980's involved a decrease in the size and average life expectancy of the population.

The consensus between power and society gradually loosened and disintegrated. The fact that the government not only failed to find solutions to the growing problems, but even denied (or was unwilling to publicly discuss) for a long time the very existence of these problems, greatly contributed to the political crisis. Democracy within the party leadership also suffered a setback. Many decisions of the leading institutions were made on the basis of authority, and many members of these institutions strived to "guess" the opinion of the supreme leadership; in certain cases even the Politburo's decisions reflected not the majority opinion of its members but the single view of the first secretary. Many members of these institutions declined the responsibilities of their offices and played a subservient and assisting role. Thus the leading institutions were gradually losing their adroitness in their role, and the leadership became gradually isolated from both the membership and the population.

Dissidence with the intelligentsia became intense. Reality, explored by the social sciences and expressed by the

arts, contradicted the ideological theses and political views. It was as if science, the arts, and politics spoke different languages. The social sciences and literature were themselves playing a quasi-political role, since the discussion of fundamental and pressing issues was politically unfeasible. It is immaterial that it was precisely during these years when the so-called social debates, which preceded important social and economic decisions and in which "the opinion of science" was also solicited, became general practice. However, the formality of soliciting opinions soon became apparent, for more than once the government disregarded the submitted thoughtful and thorough views during decisionmaking; the real purpose of the call for opinions was the maintenance of good rapport with science, i.e., the scientific legitimization of policy.

The artistic and publicistic manifestations of political discontent in the 1980's reached a critical level which elicited a "hard-line" response from the political leadership (which, in its helplessness, acted under the pretense of enforcing press control and cultural policy). The result: bans, suppressions, suspensions, lists of prohibitions, and an incapacity for dialogue with the literary world. It was evident that the earlier principles of cultural policy had lost their validity on both sides. Internal criticism gained such strength that it could no longer be pushed aside. This was clearly indicated by the emergence of the opposition.

There were practically no opposing political lines in Hungary in the first decade of consolidation. Although the first (and small) opposition emerged in 1968 (not in connection with internal issues), it was only in the 1970's when such an opposition became a regular part of the scene, this time also in internal issues. Factions opposing official policy presented a platform of helping the poor and defending the Magyar minorities living outside the borders, subsequently pushing with increasing determination the issues of human rights, democratic constitutionality, the reevaluation of 1956, and other political causes. The environmentalists emerged as a separate group, also voicing their political criticism in connection with the Bos-Nagymaros Dam, zeroing in on the lack of publicity and control of government decisions. Certain groups emerged by criticizing the social and demographic issues called "issues of national destiny," or the cultural and programming policy branded "cosmopolitan." The stronger national endeavors were manifest from the 1970's in the repeated 15 March demonstrations. Government response to these criticisms and endeavors became increasingly nervous, the infrequent street demonstrations were dispersed through armed intervention or with billy clubs, and haphazard administrative retaliation was used against the manifestations of the opposition. Increasingly, however, oppositionists were those who had been branded as such, and it was becoming evident that basically the political system's existing mechanisms of integration had gone bankrupt.

This process was closely connected to the fact that the old ideology was evidently becoming a braking force and

contributing to its isolation from reality. Despite increasing conflicts and sharp criticisms, the leadership was unable to abandon its 19th-century views of society and class structure which had been surpassed by history. It was unable to absorb and adapt to the revolution in communication and to the manifestations of post-industrial society, denying the tendency of falling behind them. It responded with rigid criticism and rejection. For a long time, it countered the criticisms with the empty category of "developed socialism" and the apology of referring to earlier achievements.

The authority of the leadership was slipping, and its previous popularity was gone. The party membership was unwilling anymore to assume responsibility for the decisions which were made without its participation. The active party membership and the population wanted changes, including replacements of officials as well. But the party and the government still responded in the traditional way. They identified the country's desired stability with the preservation of themselves and their stability. When at last it was decided to replace some officials, they only shuffled around the same discredited and unqualified people. The closed circle of leaders seemed impenetrable, and its public supervision seemed impossible. These consequences were intellectually absolutely unjustifiable.

Other weaknesses, which also existed in the previous period of prosperity but were tacitly tolerated in the climate and feel of progress, also came under a different light in this situation. The earlier lack of opportunity for the public (including the party membership) to intervene, control, and decide now became the wellspring of pressing discontent. Contrary to the years of prosperity, even the lack of publicity was manifested differently when important social strata became discontented with the government policy, calling some investments mistaken, and demanding sound decisions and real action. Bureaucratic and official arrogance, which paralyzed enterprise and burdened the population, and the massive local corruptions became especially irritating due to unsuitable and parasitical officials.

As Hungarian society suffered through an economic recession and decline, and demanded publicity and control of government activity, but found the leadership turning a deaf ear to all these areas, it suddenly felt the gust of the developing Gorbachev change in the Soviet Union with astonishment and inspiration. The Soviet glasnost had an especially inspiring and accelerating effect on the Hungarian processes, for it was well-known (although not publicized) that the changes in Hungary were restrained in the previous decades precisely by the conservativeness of Soviet policy and the "stagnation period" of the Brezhnev era. The intelligentsia, the party membership, and the entire society were shocked to see Hungary's leadership balk before the open gates as external limitations seemed to disappear. Of course, this elicited even more disappointment and frustration and caused the unfolding of the political crisis after 1985.

Although the MSZMP leadership went as far as it could in loosening the Stalinist framework before Gorbachev's appearance (and, in this sense, ripened the internal social, political and intellectual preconditions for a more thorough change), it still emphasized continuity and rejected a consistent and clear break with the Stalinist past. As an unavoidable consequence in the new situation, it was possible to identify the MSZMP with the Stalinist past. No matter how unjust this may be historically, this will remain unavoidable as long as the party's reform policy does not take decisive steps for a complete break with the Stalinist model.

Thus, Soviet "glasnost" and "perestroika" took away the "protective umbrella" from the extremely cautious and slow-moving conservative reformer party center. There was no longer any reason to stall. (In fact, it is being questioned whether the field of action had always been as limited as the leadership believed and claimed it to be.) At the same time the Soviet processes clearly invited criticism and eliminated the earlier possibility of silencing it.

Soviet "glasnost" made it especially evident that the MSZMP did not examine the problems of our own past thoroughly enough, and that its evaluation of the past was tainted by rigid political considerations. At the same time it made it impossible to continue with the apologetic treatment of the concerns of present society or with the method of ritually lining up "our achievements" when talking about the mistakes. All this, then, contributed to the surfacing of tensions.

The institutions, which had been playing a "transmissive" role at most, awakened like "Sleeping Beauty," or more precisely, became aware of their independent existence and responsibility during the period of increasing social and political tensions. If, out of necessity, personal conformity, or other reasons, they failed earlier to carry out independent tasks, they were now attempting to do their best due to the pressure of their own memberships. Thus, there was a criticism explosion, unavoidable during such a change, in which characteristic "competition" and "coat-turning" also played a role. As earlier apology had been mandatory, now the black colors of "mistake and crime," one-sided and often not historical, are being cast on everything as if this were some kind of a mandatory fad.

The leadership also proved inept in dealing with forums of publicity that reflected public mood and discontent. It could no longer use the old means and could not find new ones. It became helpless. However, its "indulgence" elicited incomprehension, impatience, and even fear, even within its own camp.

The leadership's bungled and ineffective measures only increased criticism, even within the party. Criticism became compounded. It included economic policy, the party's internal organizational structure and democracy, the flow of information, and ideology. Criticisms were especially sharp regarding the continuation of reform: criticism of "conservative reform" and "cautious

progress" was supplemented by the drafting of reform proposals urging a comprehensive change (including the political structures), i.e., a general improvement.

There were intensive debates on the assessment of the current situation. The party leadership rejected the assessment of the accumulated problems as constituting a crisis. The strange debate on definitions reflected that the leadership did not think radical changes were necessary, and that it wanted to continue the policy of cautious and partial corrections. November 1986 and July 1987 were indications of continued impetus to arrive at a consensus in assessing the situation and presenting a platform. However, because of the party leadership's position, it was impossible to carry out these tasks. Moreover, as a consequence of the continued lack of personal guarantees, it was particularly impossible to elicit trust in the implementation of the defined goals. Increasingly, the party membership found this unacceptable. Extremely important critical standpoints were formulated, and excellent proposals dealing with many fundamental issues of economic policy and politics in general were presented between 1985 and 1987 within the party (and also during the course of the so-called social debates). However, these were not reflected in official documents, and by 1987 the party leadership's standpoint was no longer accepted by the membership and certain institutions. This attitude of the party membership compelled the leadership to call an extra meeting between the two congresses and to reelect the Central Committee membership.

The May 1988 Party Congress

The May 1988 party congress brought a real breakthrough in two areas: in policy, where freedom of platform within the party and a democratic transformation of the political structures in terms of pluralism were allowed, and in the institutional development of constitutionality (including the drafting of a new constitution and expansion of legislation), which became a platform and was connected to comprehensive economic reform and the program of developing a socialist market economy. Thus, the party expressed its endeavor to find a solution on the road to socialism by rejecting the Stalinist (post-Stalinist) model, and by working out a new socio-political and economic framework with clear ideological formulation and a system of democratic socialism based on a market economy.

At the same time, through a secret ballot, the party expressed its desire to create entirely new conditions for working out and implementing the new program in selecting officials. This was manifest in the replacement of almost a third of the Central Committee's membership, the exclusion from the CC of many previous discredited Politburo members who kept defending their positions, the election of Karoly Grosz as the new first secretary, and the inclusion of Rezso Nyers and Imre Pozsgay in the party leadership. The ensuing changes in the new leadership institutions and in the highest leadership posts of the party and the state (the Presidential Council, the Trade Union Council, the leadership of the

Budapest Party Committee, etc.) expressed the party's withdrawal of confidence from the old leadership and its determined demand for real changes.

Still, the party was only clearing the way for developing the conditions for a party and policy renewal. Since the "avalanche" became apparent only during the voting at the end of the party meeting, the previously accepted documents were still characterized by compromises.

The interpretation of the accepted principles remained open. What is the meaning of freedom of platform or political pluralism? In what way should the division of labor between the government and the party be carried out? These and other similar questions remained unclarified at the party meeting.

Yet, there was still no clarification during the months that followed the party meeting. The party leadership was pressed for time. It assigned to committees the tasks of evaluating the past and of working out a comprehensive and new economic reform. The work has begun but the results will show only during the course of 1989. At the same time, changes of great import are taking place in legislation and, above all, in the accelerating process of economic and political practice, without ideological clarification. Although the economy's "direction of movement" was somewhat more favorable in the years 1987-88, and the Hungarian economy seemingly avoided the epicenter of a threatening crisis, the crisis situation has not ended. Balance has been restored somewhat, but the preconditions for permanent improvement are still lacking. The government resolved to take difficult steps, but inflation has accelerated and living standards have fallen. At present, however, the balance-restoring and long-term effects of these steps are countered by increasing social tensions.

The multiparty system is developing with great speed but the political management of this process remains to be solved.

The fate of the party and the country will be determined by whether the MSZMP, the government, and other responsible forces will be able to jointly carry out the tasks presented by this fundamental and comprehensive renewal, so that both a social explosion and a conservative and forcible restoration can be avoided, since both could drag the country into a newer national tragedy and would impede the processes for international socialist renewal.

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The MSZMP Central Committee familiarized itself with this essay on the history of past decades by the historical subcommittee. It decided on its publication at its 10-11 February 1989 meeting. The essay does not reflect the Central Committee's views. The Central Committee does not consider the subject closed since it requires further study. The Central Committee requests those interested in this subject to send their opinions, recommendations, and experiences to the editor of TARSAD-ALMI SZEMLE.

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