

The Characteristics of the Kádár Era¹

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Is it possible in a short essay to describe the recent past with a historical perspective? Naturally it is, if that past is not discredited, denied (that is, politically), but perfect, complete, finished. But is it worth it? Is there not a danger in our case that emphasising the characteristics, i.e. grasping, summarising the traits that made the Hungarian society of the 1960s different from that of the 1950s, and rendered Hungarian politics different from the contemporary standard of Eastern Europe would lead to a simple rehearsal of commonplaces, which have been around for a long time, such as goulash communism, the merriest barrack, etc.? In addition, even the discussion of such features would not allow one to overlook the general truth, the fact that Hungary was and remained during the decades in question within the Soviet-type state socialism and Soviet great-power structure.² Thus, our first remark is that the present essay regards these two subjects as known, and is not going to discuss them.

It might cause further problems that the possibility to use the categories of “regime” and “era” as synonyms, to merge them, offers itself on a plate. Although it is true that both terms express one and the same thing, the social substance, they are nevertheless not identical, and precisely the contrasting of their characteristics, without regard to their sequentiality, might be the method that will provide the reader with the analysis of a structure, and not that of a

process, promised in the title. The purpose of the present essay is at least to indicate how Hungarian social conditions changed, developed after 1956, how the regime, the Hungarian model came into being. The “fourth dimension” here means not continuous time, but “compressed time” depending on when and to what extent politics, authority managed to adequately meet the pressing challenges that emerged at different times and with varying force.

The question as to how the reforms, the changes constitute a whole, and to what extent they changed the state socialist system itself in Hungary is a somewhat unrelated issue. What we have today over this issue are rather than debates researches relying on new perspectives and source basis.

There is, however, no debate about the fact that the period in which politics was hall-marked by the name of János Kádár constitutes a separate era in Hungarian history. This third of a century has enough characteristics and such a content that it can be called, and regarded as, an era. Although we should not forget that such a long time spent in power should be enough in itself for anyone to provide an eponym for a period. The question is only whether the researcher allows popularising and “saleability” to take over, pushes the instruments of analysis aside and chooses the simple, easy solution regarding the long time spent in the limelight as a sufficient criterion for the naming of the period.

This method cannot be applied in our case since the task undertaken, the chronological interpretation of the major characteristics requires more: it calls for evidence to prove or disprove whether Hungarian society and politics had characteristics significantly differing from those of its earlier self and of the nations in the forced community of the region. Whether the rhythm of its life developed entirely similar to that of the other Central and Eastern European socialist countries, or the pace and direction of its movement was demonstrably different from theirs.

1. The period of more than three decades after 1956 constitutes a real era in Hungarian history. (It has an overture beginning with a crisis and a finale plunging into a crisis.) The two end points are spanned by a prolonged, fifteen-year-long economic boom and a nearly as long, first latent, then increasingly overt economic crisis.³ The “surplus time”, the semi-decade belonging to both ways, comes from the contradictory nature of the period of 1974–1978. During those years Hungarian economy was still growing fast but its deficiencies, structural faults were becoming increasingly visible, completed by the slow response to the turn in global economy.⁴ Unlike the beginning, the economic, social, and intellectual-ideological crisis at the end of the era did not manifest itself in any radical, hard political form, did not culminate in an uprising. Instead, the lack of resources and means to solve the structural crisis, and the loss of faith in ideology forced the communist party to surrender and the change of regime was performed through a peaceful transition.

This era, on the other hand, has not only an economic and political reading, but also an independent socio-historical one as well. Unquestionably, the fifteen years after 1956 saw a fundamental turn in the lives of Hungarian peasants, as the conditions they had known earlier were turned upside down. In addition, the whole society was reshaped by the needs of modernisation and politics which intended to preserve the stability of power in the midst of the changing conditions.

The arch of the Kádár era stretching from crisis to crisis can be best perceived in the changing economic and social role of urban, industrial-urban workers. The fact that this class had joined the uprising of 1956 proved decisive for its success. Later the national resistance also received its force from the masses of workers and their strike movements protesting against Soviet intervention.⁵ Kádár first attempted to draw the workers from behind the resistance with negotiations, concessions, by legalising workers' councils,

making welfare promises, and promising to place personal interestedness on new foundations. Then, having failed, he achieved his first successes precisely by breaking the political strike of industrial workers by force, by driving workers' councils back to the factories and plants; the councils were to cease existing in 1957 as organs of workers' self-management along with the autonomy of factories and companies. At the same time, Kádár tried to present his party as the sole representative of the political interests of the working class. This was not easy because workers were reluctant to join the Hungarian Socialist Workers' Party (Magyar Szocialista Munkáspárt, MSZMP). Still, the constant references to the working-class origins of the leaders, the propagandistic slogan of "we shall be a pure workers' party", the organisation of the workers' militia, and not least the more than ten per cent growth, unprecedented in contemporary Hungarian history, of the real wages of industrial workers were not to pass without effect. It also served to satisfy workers' demands that the proportion of those working for performance-related pay decreased, a profit-sharing scheme was introduced, and a new campaign launched against bureaucracy in the factories; there was also an attempt to lower the number of office clerks by rationalisation.⁶ Consolidating the relationship between the party, those in power, and industrial-urban workers became one of the bases of political consolidation. From then on, the leadership of the communist party turned with special attention to that social group, drawing its legitimacy mostly from their welfare, regarding the sound circumstances and well-being of workers as the most important condition, a prerequisite of political stability.⁷

The debate that flared up between István Friss, leading economist and economic policy maker of the party and Kádár at the meeting of the PCC (Provisional Central Committee) of MSZMP in February 1957 was very typical of the difference between the economic and political approaches. It was "with increasing apprehension and

unease” that Friss had read the latest action-plan aiming to yet again raise the standard of living because the state of the economy gave no cause for optimism and for undertaking social obligations incurring additional expenses. In his reply, Kádár acknowledged that it would not make sense to confuse wishes and reality, but he declared it was inconceivable both politically and economically to go back on the promised and so far granted raise of the standard of living. He said it was unacceptable that the working class should bear the “terrible” burdens created by the mistakes of economic policy.⁸

The new wave of industrialisation, which started at the end of the 1950s, provided a favourable environment for this policy. Hungarian manufacturing industry went on growing till the late 1970s, indeed, in the early seventies a special programme of positive discrimination was launched to protect the largest industrial companies and, at the same time, to improve the conditions of the most homogeneous group of workers. The position of the industrial working class in the labour market, their ability to enforce their interests were overestimated throughout nearly the whole period. When, however, in the early seventies, their positions gained previously in relation to other social groups seemed to weaken ever so slightly, the ministries of various branches of industry, the trade unions, the leaders of large companies as well as the concerned regional party organisations and leading politicians all launched a successful attack against the reform.

The special treatment of industrial workers also remained characteristic during the return to economic reform. A special product of the early 1980s, overwork performed within the framework of company teams, is evidence for that. This form, on the one hand, made it possible for certain groups within the working class to protect their living standard jeopardised by the decline in the performance of the economy as a whole, and, on the other, it occupied and disconnected the energies of the working

class from public life, which was being charged with more and more tensions. It is an important fact that MSZMP, reluctant to unleash massive concomitant unemployment, did not undertake to radically transform the structure of the manufacturing industry, which was in a crisis.⁹ Kádár's political leadership continued protecting the interests of industrial-urban workers and of the manufacturing industry even when their positions had been shaken on account of the changed conditions. They received defeat together.

2. The period did not begin as the Kádár era; it became that in the course of time. Certain details have been reassessed in retrospect; differences that appeared to be tactical at first would later, embedded in the political praxis of different content, gain greater significance than before. That is what happened in late 1956 and early 1957, too. The Kádár government applied the cruellest oppression against its opponents, but still it was different from the way the Rákosi regime had done it. The end was deterrent, bloody retribution was the means. However, while pursuing this policy, they did not intend to make enemies of their friends. Such phenomena appeared late in the spring of 1957 only, when the political apparatus, growing stable and reviving after the shock of October 1956, and the local authorities showed visible signs of hardening. Ousting of certain individuals and groups from leading positions meant the condemnation of revisionism and weakness shown during the difficult days, but this struggle rarely assumed actual legal forms. A dubious credit, but it must be noted that the organs of the police, the prosecution and the judiciary tried to keep retribution within the limits of "socialist legality". In the meantime the new regime made a number of gestures toward society, wishing to indicate that it did not want to bring back the old times. The leadership of MSZMP positively distanced itself both from its predecessor, and from the personality cult and Rákosi's group. The unambiguity of this move was seriously questioned by the fore-

grounding of the accountability of Imre Nagy in February 1957.

It took time to authenticate the political aspect intended to be renewed while practising dictatorship. All the more so because separation proved perhaps even more difficult in ideology. There, in ideology, Marxism-Leninism continued in force, to be cleansed, according to the then compulsory rule, of the distortions of Stalinism and to be protected from revisionism. The possibility for independent solutions was offered by the fact that in order to have a speedy consolidation, the Soviets, beyond expecting a hold on power and guarantees of allied loyalty, tolerated, accepted practical solutions that differed from the usual, and did not question the basic structure, the leading role of the communist party. That is, they accepted certain innovations if those did not mean the adoption of the Yugoslav model. The survival of the factory workers' councils and the economic reform aiming at strengthening the market elements would have meant precisely that, and, therefore, were cancelled from the agenda in the first half of 1957. The room for manoeuvre thus created, which was not too wide but much wider than before 1956, was confirmed ideologically at the Moscow meeting of communist parties in November 1957 by the tenet on the general laws of building socialism and on national characteristics.

In November 1956, the new government made a promise to redress national grievances. March 15 became a state holiday, the country's coat-of-arms was redesigned, etc., but the hard policy, aiming to break popular resistance was proclaimed by Kádár also with reference to the nation.¹⁰ Later, in the spring of 1957, within an increasingly intensive leftist ideological counteroffensive, new adjustments were made, political leaders talked more and more about Hungarian-Soviet friendship and the role of proletarian internationalism in the defense of national independence.¹¹

Putting an end to politicize private life was a new phenomenon, as was the withdrawal of everyday life from public life and freeing it from class struggle. Besides the living-standard policy, this was the most spectacular, or rather, for the people, the most perceptible break with the Rákosi era. This was symbolized and completed at the same time by the Hungarian Civil Code, the outstanding achievement of Hungarian legislation, regulating the relations, connections among legal entities, companies, institutions, and “natural” persons, introducing legal principles characteristic of the market and financial conditions, which went into force in 1960.

The political system saw no significant changes, indeed, the original trinity of party, state, and social organisations was restored. Their inner relationships were not the same, however. Smaller changes were introduced already in the beginning. These included the acceptance of a limited representative role and organisational autonomy of trade unions, although with the denial of the right to strike, which was a step back compared to the conditions in October–November 1956.¹²

Separation of party and state began. The party resolutions discussing this issue declared that it was possible in principle for non-party members to hold a state office. It was a formal step forward that the decisions of party bodies bound party members only; the details were left to state agencies. These changes combined, and supplemented with the economic reform, reached a point where one can say that in Hungary the political system of state socialism and the Kádár era can be better described as the functioning of the state-party supported by power monopolies than as the party-state of the time of “classic” Stalinism, which wanted to control and supervise everything.¹³

3. The agrarian issue is a separate subject. An approach, different from the earlier one, played a crucial role in the success of consolidation. The abolition of compulsory produce delivery redressed serious peasant grievances. However, the issue of large-scale vs. small-scale production

and the fitting of these units of production in a planned economy was left unsolved, as was the question of the future of the still large agrarian population. The industrialisation, warranting the development of agriculture and the establishment of the chance for a decent life for rural society, was a long overdue task of Hungarian modernisation. In that respect, it is misleading to attribute the cooperativisation decided at the end of 1958 to mainly ideological considerations.¹⁴ There is no doubt, on the other hand, that the thesis of the above-mentioned Moscow declaration concerning the majority social ownership of the means of production played a significant role in the timing. This was the year when hundreds of millions of rural people were herded into communes in China, in the “Great Leap”, and collectivisation was scheduled to be completed in the Eastern European countries as well. In Hungary, there was a stalemate at first: neither the cooperatives, nor the private farms, which were afraid to initiate significant investments, developed satisfactorily.¹⁵ Among the leadership of MSZMP the earlier concern over the stirring up of villages was gradually replaced by an optimism. This was strengthened by Khrushchev’s tour of Hungary, complete with powerful rallies, in the spring of 1958. The agricultural population, the peasants also felt that something was afoot, and that something was bound to happen sooner or later. The execution of Imre Nagy in June 1958 willy-nilly sent the message to the people of the villages that there were no more well-known (communist) politicians in the country who could protect them against the forced introduction of large-scale farming. The success of the fast and massive reorganisation, collectivisation of agriculture was due in a large part to resignation, and, in a smaller part, to more efficient and more subtle pressures as well as the use of economic and political means of coercion. Rather significantly, too, considerable material resources were provided for the switch to large-scale farming, which was not included in the three-year-plan. Those who joined

the cooperatives were allowed to keep their household plots. The collectivisation campaign, unlike the one ten years earlier, was not carried out in the spirit of getting rid of the *kulaks*. The communist party was explicitly trying to give medium landowners leading roles in cooperatives.¹⁶

Three years saw enormous social changes, a veritable revolution in the villages and in agriculture, which was to prove fruitful both economically and socially within a few years, thanks also to the renewal of agrarian policy. While the population commuting between villages and cities, and the exodus from villages provided reserve labour force for the last wave of industrialisation, dragging until the early seventies, Hungary was able to claim she had a world-class agriculture.

With industrialisation and collectivisation completed, by the mid-sixties a society had come into being that was simultaneously the product of state controlled modernisation and the embodiment of Kádár's vision, which was increasingly lacking utopia.¹⁷

If we regard time and space as two axes, then we can draw a chart which shows that Hungarian society had arranged itself in a non-isosceles triangle by the mid-1960s. The upper tip is occupied by the political elite, the new intelligentsia, if you like, the political middle class. It was political because, besides party and state-administrative positions, the leading posts in economic, cultural, and social life also functioned as power positions, which could be filled only by the endorsement of the party. The basic norms and rules of behaviour were homogeneous and identical in all these fields.

The shorter, "lower" side of the triangle, which is nevertheless closer to power, was occupied by industrial-urban workers. The farther point belonged to cooperative farmers. In this formula, the connection, the identity, or rather coincidence, of interests between the political leadership and industrial-urban workers is decisive. It was important that most of the leadership came from this social group, and

they also made sure it was not forgotten. The idealising of the image and the morals of the worker continued, but it was precisely the criticism of the earlier heroisation that authenticated it. Continuous economic growth, and the concurrent rise of real wages, a labour market favourable to manual work, the reduction of the differences among wage rates, i.e. their levelling off downward, all contributed to the good feeling of the main groups of workers. Last, but not least, the guaranteed social benefits, through their moderating, if not equalising, as claimed, effect on social injustices also strengthened the positions of the classic workers' groups.

It was an obvious characteristic of the era that the situation of the peasantry on the longer, farther side of the triangle was continually improving, their chances in life enhancing. The traditional peasant society disintegrated, and the achievements and contradictions of modernisation made their appearance in Hungarian villages in the period under discussion. That the results of collectivisation would be fundamentally favourable for those who remained in the villages became a certainty by the late 1960s only. Household farming and less drain by the state compared to the increase of agrarian subsidisation would not have been sufficient for that. It needed more: the creation of real interestedness, access to state-of-the-art technology and technical know-how, and integration between small- and large-scale production units.¹⁸ Extending health care and social provisions to the rural population also had a significant impact. As a result of all these and the growing number of so-called mixed families, the peasantry integrated into the new social formula in a considerable degree, and could start to catch up with the rest of society.

Other layers and groups of society, more difficult to define, are placed along the sides of the imaginary triangle. The intelligentsia grew fast in number, and its inner proportions changed as well. A technically-scientifically trained group of the younger generation was getting an increasingly

larger role, and not only because of the logic of things, but also due to scientific development. Political leadership had great hopes in this field, expecting primarily scientific-technical development to accelerate economic growth.¹⁹ This would have reinforced the ideological foundations of the regime as well. A significant portion of the intelligentsia themselves believed in the possibility of a comprehensive social utilisation of science, requiring less time and expenditure. Their discontent was caused not so much by the problems concerning their finances, salaries, housing, as rather by the lack of the conditions and resources for research, and by bureaucracy.²⁰ In 1960, Hungary spent 1.5 percent of its national income on scientific research and development, in 1970 this ratio was already 2.5 percent. In institutions of R&D, the number of researchers grew from 5,000 to 8,000 in ten years. The growth of the number of faculty members was even greater at university departments.²¹

The widening of international connections, of economic cooperation, political consolidation, the normalisation and the expansion of the spaces of civic life all brought improvements to the conditions of what remained of the traditional intelligentsia (of the “humanities”) and what was regarded as the historical middle classes. From 1963 onwards, their children were not discriminated against at university and college admissions.

The 1960s and 1970s provided secure existence for the remnants of the lower middle classes. Their weight did not grow either in number or in social production, but this artificial restriction at the same time protected them from competition in the market. State- and cooperative-run commercial and service activities developed at a fast pace, but were lagging way behind the rising real wages and the consequently restructured demand by the population. This state of affairs in the period of curbing reform and restricting private enterprise was to become a natural soil for the flourishing of black, and, somewhat later, the so-called second economy.

4. Besides socio-political consolidation, the 1960s brought significant changes in two areas. One was the rearrangement of Hungarian–Soviet relations. Between 1961 and 1967, MSZMP acquired considerable autonomy, and Kádár was practically able to formulate his own domestic policy. He took the first significant step on that road when he refused to accept the policy of “overtake and outrun” proclaimed at the 22nd Congress of the CPSU, and was reluctant to follow the Soviet Union in building up communism in twenty years. The second step, which was noticed worldwide, was taken after Khrushchev’s removal in October 1964, when MSZMP, alone among the Eastern European communist parties, voiced its reservations. Then preparations started to introduce economic reform. Neither move means that Budapest wanted to distance itself from Moscow, but both indicated that Hungary wished to formulate its own policy according to its own discretion within the framework of Marxism-Leninism and the Eastern alliance.²² (Actually, during the same period, Romania went further in terms of foreign politics and of formulating its own real or assumed national interests, undertaking even what amounted to open confrontation with the Soviet leadership over the Israeli–Arab war of 1967 and the intervention in Czechoslovakia in 1968. There were still illusions concerning Ceaucescu at that time in Romanian domestic politics.)

5. Cultural and intellectual life also saw significant changes: the enrichment of Hungarian arts both in content and form, as well as the new quality of the social sciences were the product of both the spirit of the times and the “constellation” of a number of other factors. The 1960s were surrounded by an aura of optimism associated with fast scientific and technological development, complete with hopes of material and welfare advantages. This included the rapid development and strengthening of the socialist countries. These years saw the beginning of the artistic treatment of dictatorial socialism. The sixties were

also a period of enrichment, the renaissance of Marxism.²³ Researches in philosophy and sociology gained a new momentum in Hungary, too. Significant advances were made in psychology, and the reform especially inspired the study of economics and law. Georg Lukács published his *Az esztétikum sajátosságai* (*The Specificity of the Aesthetic*), preparations for syntheses of high standard began in the Hungarian historiography and literary history, where the scope of scholarly interest widened both in time and space. The recent past and the present became objects of study. All this was accompanied by innumerable, often long-lasting debates, which kept scholarly and intellectual life, its institutions and organs in permanent movement. Similar processes went on in the arts. Renewal reached everything from literature through painting and music; a great number of works published in the West after 1945 were translated into Hungarian at that time. The most outstanding successes were achieved by Hungarian film art, which won serious international recognition.

The intellectual bustle of the period, however, was not the expression of freedom. It was rather a reflection of the desire of Hungarian intellectuals to be able to fulfill and express themselves, to have access to the possibilities of their time, to get rid of the burden of the past, and, thereby, as if through an encoded catharsis, to liberate Hungarian society, too, from the ghosts and spectres of its past. In order to be able to do that, the Hungarian intelligentsia was ready to play by the rules.²⁴ However, it was not merely tactics: neither the authorities nor the intelligentsia saw the improvement of their relationship in that way. The leadership of MSZMP understood that governing was a process strewn with conflict, and that building a society needed professionalism, but did not require class struggle. Most intellectuals acknowledged the monopoly of the party on power, on the one hand, for lack of anything better, and, on the other, because even if they did not accept the methods of the communist party, they recognized its efforts to trans-

form society, and were sympathetic to the idea of social progress. Nevertheless, it would make no sense to reduce the intellectual abundance of the 1960s to the relationship between power and the intelligentsia, let alone to day-today or cultural politics. The strategic effort with the admitted goal to integrate as large part as possible of the national cultural heritage and the portion Western culture regarded as progressive into intellectual life was an important characteristic of that period. It would also seem obvious that the need of MSZMP to find ways as well as its increased self-confidence by the mid-sixties also played a role in the fermentation. The power they believed to be securely holding also affected advantageously the tolerance (ability to stand criticism) of party leaders. In the light of economic and social successes they were not obliged to defend the past tooth and nail, etc.

It is worth remembering that the state at that time fulfilled a triple function simultaneously: it allowed criticism some room, supported (as well as tolerated or banned) creative activity, and, finally, made considerable efforts to create and meet cultural needs. This combination survived the sixties. The constellation under which it operated, elicited its effect, and became poorer. By 1968, the light had disappeared; first the hope for democratisation faded away,²⁵ then the cause of the Hungarian model was struck off the agenda of ideological life, and so was the development of the peculiar theory and practice of building society: reform.

6. In the early seventies, political leadership did not tolerate the questioning of the official version of Marxism-Leninism even in the form of tendencies. This growing intellectual stiffening was to a large extent due to the attitude of Moscow, demanding harder response against capitalism and its phenomena. The attempt to create an agreement between rational, efficient national economy, plan and market in itself became suspicious for a Soviet ideology that drew promising conclusions for itself from the oil and

energy crisis. Later, with the accumulation of social problems and a deepening economic crisis, the faith in social progress was also shaken. In the last third of the seventies, ideological coordination and/or arrangement was replaced by a pragmatism which would not stir up fundamental tenets and truths, but would adhere to them only formally.

A few more remarks would seem to be in order to describe the intellectual life of the seventies. Firstly, what we have said about the deflation of ideological life goes for philosophy as well, and, if to a lesser degree, left its mark on the social sciences, too.²⁶ It is less true for the arts and mass culture. Secondly, it is not sufficient to regard external pressure as the only cause of restoration. That, as well as the increasing discontent of certain groups of intellectuals, had its social and economic background. The consolidation of “classic” Kádarian society was accompanied by a deceleration of mobility processes, and the groups that had found good harbourage, more favourable positions, were trying to hold on to their status. The early seventies have been mentioned in connection with the discontent discernible among industrial-urban workers, fomented also by party, ministerial, and industrial leaders. The political leadership and the apparatus viewed with hostility the rearrangement of income conditions and the increasing importance of economic managers, thus they had sufficient motivation to fight for the primacy of politics and the strengthening of “the leading role of the working class”.²⁷ The counteroffensive proved successful, and achieved considerable success between 1972 and 1976. However, this victory could have been made into a “strategic” one only if the programme, finally formulated as the building of developed socialism, had been suitable to meet the new challenge from global economy which Hungary had to face. Alas, it was not so. Indeed, the seventies provide a perfect illustration of how epochal tendencies link up with apparent or real coincidences, and pendulating politics, due to erroneous identification of objectives and slow correc-

tion, gives the wrong answer to a challenge. Hungary recoiled from reforms at the worst moment (although, fortunately for the country, it did not back down completely), not only because the adaptability of the economy had been reduced by the restriction of market and competition, but because being protected from the world market had further increased the sense of security of enterprises and of the population, at the expense of justified and stimulating concern and desire to change.

Hardly a year after the November 1972 resolution of the Central Committee of MSZMP, the Israeli–Arab war broke out, and the oil and energy crisis followed in its wake.²⁸ It was precisely the time when teams of specialists elaborated a proposal concerning the large-scale utilisation of external resources in the development of Hungarian economy in order to modernize the economic structure and to make up for infrastructural backwardness. And at that time it was easy to get loans since Western countries responded to the oil price explosion by holding back investments and consumption, and immense amounts of money accumulated in the hands of oil-producers, but the Soviet Union was introducing the new world-market prices into its exports with a delay.²⁹ These circumstances all contributed to the fact that the Hungarian political leadership did not revise their economic policy and did not restrict the pace of economic growth.³⁰ It was hoped that sooner or later things would get back to normal, and the crisis could be stopped at the borders of the country. The fact that a significant part of the borrowed credit was spent by the economic leadership on investments supplementing imports was expressive of the desire to be independent of the world economy. The development of infrastructure, which relieved backlogs of decades, can be regarded as more of a success. Kádár would not budge from the requirement to raise the standard of living, or from the central direction having to concentrate on assisting branches and enterprises lagging behind and in trouble to catch up. However, Hungarian

industry was in general not competitive, and these methods conserved the structure of production instead of adjusting it to the changed, increased requirements. Significant energies were spent on the modernisation of COMECON (Council for Mutual Economic Assistance), which failed as a Soviet attempt to close the ranks of the East European countries that cut themselves off from real integration. The whole process went on under the aegis of proclaiming developed socialism.³¹

Setting welfare socialism against shaken welfare capitalism was a temptation difficult to resist. MSZMP expressed its loyalty to the ideas and to the Soviet Union with that act. These were political solutions, useful in the long run, but providing no answers to the new situation. Instead of new, quality economy, the prolongation of the past followed, with the assumption of ideological advantage/superiority. Soon it turned out that it would have been better to “quietly” carry out the necessary political retreat from the reform. Before long, it was discovered that the attempt to close ranks would bring no results, indeed, it did not function in a global economy, which was beginning a new era.³² Thus it proved to be not only the critique of the current economic policy, but soon the foundations of the economic and political structure and social system were also to be questioned through it. It could be regarded as a small mercy that Kádár remained as cautious in questions of ideology as he had been circumspect in the early sixties at the time the building of communism was proclaimed. He did not surrender everything of the reform, “at home” he spoke only about adjustment. Then, in the last third of the seventies, practical solutions in the economy would be given the green light. The result of the seventies in agriculture was that the cooperation between large-scale and household farming became decisive, and the second economy expanded.

7. Hungarian foreign policy was also quietly but not invisibly corrected. Seeing that beyond a not insignificant

“basic provision” nothing could be expected from COMECON and the Soviet Union that would help overcome overindebtedness, the malady of the economy which was assuming serious proportions, Hungarian leadership decided on a new economic strategy focusing on export-orientation and opening towards the West. Kádár took Helsinki and *détente* seriously, and did his best to radically improve relations between Hungary and the West. The dark side of this activity was that it served the maintenance of the *status quo* in domestic politics.

The modification of foreign economy and foreign policy nor did or could bring instant gratification in the areas of foreign trade balance, the modernisation of the structure of production and efficiency. The time factor was becoming increasingly significant, and there was a kickback from those five years wasted unnecessarily and at a great cost. Despite all evasive manoeuvres, there was no preventing the introduction of a restrictive economic policy, aiming at improving balance, at the end of 1978. The rise of consumer prices in 1979 signalled a real turn, the end of the classic Kádár era. The restrictions approved led to the stagnation of the standard of living and the curbing of the increase of public consumption. Typically, the leaders of the communist party found it much easier to accept the curtailment of investments. That move, in the short run, generated less social tension, fewer conflicts, and that angle would be even more significant two years later, in the light of the crisis in Poland.

However, playing for time did not mean actually gaining time as it did not bring the country nearer to the solution of the economic crisis, which was increasingly deep and increasingly obvious. Indeed, time was rushing by faster and faster.³³ At the end of 1981, Hungary decided to take a long overdue and difficult step; without the prior approval of the Soviet Union it submitted an application to join the International Monetary Fund and the World Bank. This move proved to have been made in the last minute because

in the spring of 1982, during the second oil price explosion, Hungary was able to avoid bankruptcy with foreign help only. This shock and the obligation to pay debts was necessary for the work on a new economic reform to gain some speed. In 1984, MSZMP returned to “the road of 1966”.³⁴

It was indeed a return, but the circumstances had significantly changed. To sum it up briefly, the party decided to accept the development of market conditions, and the definitive nature of the judgement of foreign markets after it had gotten tired of the hardly fruitful struggle of a decade, and run out of political capital. It had become obvious during the preparation for the reform that some changes were unavoidable in the principles of social policy so far formulated, as well as in the system of benefits due to citizens as personal rights, and it was clear that the restrictions on the increase of unequal wealth and income would have to be reinterpreted because they curbed the enterprising spirit of the population, which was meant to be encouraged. The principle of full employment would have to be changed as well, and the restoration of competition and the termination of production showing deficit projected the possibility of, at least temporary, unemployment. All these changes seriously jeopardized the social formula developed during the Kádár era. Nor were the political power relations that had developed by that time and would be characteristic even of the early eighties to remain un-touchable any more.³⁵

Actually, the structure of Hungarian society had significantly changed by the mid-eighties. By that time economic-social conditions had “doubled”, as it were. The second economy had become a factor that shaped the structure; people who had, either alone or with partners, started economic activities in addition to their full-time jobs through their professions or possibilities stood a much better chance of protecting their achieved statuses, and of bettering their positions of income and wealth. Many people joined the

private sector of economy using their savings, professional know-how, and connections.³⁶ Previous social positions, easier to identify, were replaced by more complicated configurations: competition went on not only between individual social units, but equally within them. Thus, the former social equilibrium was becoming increasingly unstable, increasingly palpable differences and antagonisms were coming into being between individuals, groups and social strata, according to their abilities to renew or adapt. Society was in a state of permanent flux, but due to low-rate economic growth and the increasingly burdensome debt servicing, the sum total of the game was zero in terms of income: all profits gained on one side were offset against losses on the other.³⁷

That was one reason why debates disguised as professional often became so heated. Certain social groups were afraid of the changes, of losing the relatively favourable positions they had managed to get into with considerable effort. Of these, the industrial workers of cities have been mentioned above. They also included the members of the cooperatives in less favourable circumstances, a significant part of those employed in the state administration, and a great number of party and trade union officials as well. Next to or behind them, were the social strata dependent on the redistribution of the budget, the pensioners, the disadvantaged, already taken over and annually hit by inflation, which exceeded their incomes.

Other groups, on the other hand, interested in innovation, in recognising the value of intellectual labour, indicated that they did not find the mere preservation of social achievements satisfactory. They hoped that the changes would improve the future of the country and their own lot; they found conditions increasingly confined, compromises increasingly burdensome. They were not satisfied despite the restoration of external trade balance.³⁸

Thus, by the middle of the eighties, Hungarian leaders found themselves under dual pressure. Debates within the

party became permanent. The government was being driven toward reform-size changes by external circumstances, by the requirements for acquiring stand-by credit. By that time the capacity of action of the Soviet Union had been significantly impaired. Kádár finally sided with the reforms, but demanded that economic growth be restarted. His main argument was that it would be impossible to have the changes accepted by Hungarian society without perspectives, without raising the standard of living.³⁹ The leader of the party overestimated the economic performance of the previous years, but he correctly perceived the change of the public mood. He correctly saw that economic growth would create a more favourable climate for handling the conflicts of the structural change, for having the differentiation in incomes accepted. However, external circumstances by that time allowed growth by improvement of efficiency only, and conditions were not ready for that as yet. Thus Kádár's attempt to escape by running forward failed soon, already in early 1985; but he would admit to that only one and a half years later only.

From a historical perspective, it is clear that the country was struggling in the double external ties of *still* and *already*: politically *still* close to the Soviet Union, to the East, but economically *already* increasingly closer to the West, Hungary was unable to find a satisfying solution to her problems. There was no way out for the communist party due to its double identity: on the one hand it wanted to maintain its social commitment and legitimacy, and on the other it was afraid of political instability. It was a characteristic feature of the late Kádár era that the leadership of the country regarded stability as of primary importance, but would not harden its policy in order to protect it. Sometimes it stepped back, made threatening gestures, but its policies continued being dominated by concessions and compromises. It was so in the last period, too, when faced with its own impotence, it had no choice but to give way to political transformation. Kádár would not undertake a

settlement at the expense of the “achievements”, the relative welfare and secure living, or the concomitant difficulties, nor was he able to accept that the people might benefit from capitalism gaining ground.

That is why the change of regime as crisis therapy was unacceptable for MSZMP. The prolonged and complicated balancing act resulted in a situation in which forces mutually neutralized each other, and alternatives had no chance to crystallize. Both the old and the new were terrified of the consequences of open and resolute measures. Thus a stalemate developed, which was corroded by the new foreign policy of Gorbachev, the marketising of the economy, the altered attitudes of groups that influenced Hungarian public opinion, the search for a way out by the economic elite, the increasing discontent of the intelligentsia associated with social studies, the intensifying of the search for solutions within the party, and the strengthening of the opposition so far considered marginal. In that sense, the Kádár era can be regarded as an antecedent to the peaceful transition.

Translated by György Novák

NOTES

- ¹ The essay was written on the basis of a lecture at a conference on contemporary history at Debrecen, August 2000.
- ² This subject is discussed in detail by János M. Rainer.
- ³ For this in detail, see the “contemporary” analyses, such as Lengyel, László. *Végkifejlet* (Endgame) (Budapest: KJK, 1989); or Földes, György. *Hatalom és mozgalom 1956–1989* (Power and movement 1956–1989) (Budapest: Kossuth, 1989).
- ⁴ This is a much discussed topic by reform-economists at the end of the 1970s. Iván T. Berend was the first of the economic historians to discuss this issue in detail in a presentation at a conference entitled Crisis and Renewal (Budapest, 1982). The sustenance of the growth rate resulted in an increasing balance deficit, which the leadership of the country attempted to offset by external borrowing. For this, in

detail, see my book, *Az eladósodás politikatörténete* (The political history of running into debts) (Budapest: Maecenas, 1995).

- ⁵ This aspect occupied a central place in Lomax, Bill. *Magyarország, 1956* (Hungary, 1956) (Budapest: Aura, 1989).
- ⁶ For the economic management of 1956–1957, for exploring the possibilities, see, for example, Berend, Iván T. *Gazdasági útkeresés 1956–1965* (Exploring economic possibilities 1956–1965) (Budapest: Magvető, 1983); Pető, Iván, Sándor Szakács. *A hazai gazdaság négy évtizede* (Four decades of Hungarian economy), vol. I (Budapest: KJK, 1985); and my article entitled “Iparirányítás és konszolidáció” (Industrial management and consolidation), in *Az MSZMP negyedszázada 1957–1982* (25 years of the MSZMP, 1957–1982), eds. Miklós Habuda, Károly Urbán (Budapest: Kossuth, 1982).
- ⁷ As early as 1958, a special survey was made with serious apparatus about the situation of industrial workers. That was analysed in the presentation by Miklós Habuda at the conference “25 years of the MSZMP” (Budapest, 1982).
- ⁸ *A Magyar Szocialista Munkáspárt ideiglenes vezető testületeinek jegyzőkönyvei* (Journals of the provisional leading bodies of the Hungarian Socialist Workers’ Party), eds. Karola Németh-Vágyi, Károly Urbán, vol. II (Budapest: Franklin, 1993), 172–176, 211–212.
- ⁹ It is enough to survey the political manifestations, resolutions on the subject to see that the leaders were perfectly aware of the need to change, but were withheld from resolute action by the lack of resources and capital, and the fear of social and political consequences.
- ¹⁰ “The nation must live”, he said in a radio speech on November 26, 1956. *Népszabadság*, November 27, 1956.
- ¹¹ György Marosán said the following in his festive address at the Opera House on April 3: “October 1956 taught us even better that there is no patriotism without internationalism, without belonging to the Socialist camp.” See Marosán’s book, *A párt harca a tömegekért* (The struggle of the party for the masses) (Budapest: Kossuth, 1959), 63.
- ¹² *A Szakszervezetek Országos Tanácsának X. teljes ülése 1957. január 26.* (Tenth Plenary Session of the National Council of Trade Unions, January 26, 1957) (Budapest, 1957).
- ¹³ The terms “party-state” and “state-party” are often used synonymously, especially by journalists. The usefulness of more precise terminology appears in the interpretation of characteristics.
- ¹⁴ That is what Iván Pető and Sándor Szakács do in their already quoted excellent book, *A hazai gazdaság négy évtizede*.

- ¹⁵ From more recent literature, see the researches of Zsuzsa Varga concerning the ability of peasants to enforce their interests. Her results reveal that in the vacuum of 1957–1958, several innovations were elaborated to increase the personal interestedness of cooperative members: *Politika, paraszti érdekérvényesítés és szövetkezetek Magyarországon 1957–1967* (Politics, enforcement of peasant interests, and cooperatives in Hungary 1957–1967) (Budapest: Napvilág, 2001), 24–42.
- ¹⁶ Hungarian historiography was given an early possibility to write the history of collectivisation and to assess its effects on agrarian society. See, for example, Orbán, Sándor. *Két agrárforradalom Magyarországon* (Two agrarian revolutions in Hungary) (Budapest: Akadémiai, 1972); Donáth, Ferenc. *Reform és forradalom* (Reform and revolution) (Budapest: Akadémiai, 1977). The reason is obvious: the party leadership regarded the reorganisation as one of its greatest successes.
- ¹⁷ At the end of 1961, returning from the 22nd Congress of the Communist Party of the Soviet Union (CPSU), which had proclaimed communism, Kádár brought the changed situation home to the Hungarian public. At the meeting of the national council of the Patriotic Popular Front he announced, with one sweep, the policy of “Those not against us are with us” on the one hand, and, on the other, the idea that with a new mobilisation, the building of communism should immediately follow the laying of the foundations of socialism. As he said, Marxism should not be used for experimenting with society, but for providing a better life for society. I discussed that in detail in my article entitled “Kádár és Hruscsov” (Kádár and Khrushchev), in *Kádár: harag és elfogultság nélkül* (Kádár: Without anger and bias) (Budapest, 2001).
- ¹⁸ The new agrarian policy included measures like the passing of the laws on cooperatives and land (Acts III and IV of 1967).
- ¹⁹ This is what Khrushchev’s programme of “overtake and outrun” was based on as well. He was the one who trusted most that in this area training, the state direction and state monopoly of research, and the organisation of consumption avoiding the market would prove and establish the superiority of socialism in the contest between systems. This trend also had an impact in Hungary, and there was more money for technical-scientific researches. However, by the middle of the 1960s it had become clear that there was no automatism between science and economy. A small country would especially do well to think twice about what researches it wanted to treat preferentially, particularly if it expected measurable returns in the middle run from intellectual investments. Sobering up also contributed to putting the new economic mechanism on the agenda.

- ²⁰ The film entitled *Nehéz emberek* (Difficult people) by András Kovács, which created quite a stir, was perhaps the first film to make this issue the subject of public discussion.
- ²¹ *Statisztikai Évkönyv 1973* (Statistical Yearbook 1973) (Budapest: KSH, 1974), 463–466.
- ²² These two efforts were indicated by Kádár's address in April 1966 at the 23rd Congress of the CPSU, where he met great success with his thesis that anti-Soviet communism was impossible, and by the fact that a month later the Central Committee of MSZMP approved of the basic principles of the economic reform.
- ²³ Some argued against the concept of Marxist renaissance. Thus Tibor Hanák in his work, *Az elmaradt reneszánsz. A marxista filozófia Magyarországon* (The renaissance that never came. Marxist philosophy in Hungary) (Munich: Európai Protestáns Szabadegyetem, 1979), in which he treated critically and on a high level the history of Marxist philosophy in Hungary.
- ²⁴ This is indicated by the memoirs of those who criticized or rejected the regime at the time. *Beszélő évek 1957–1968* (Telling years 1957–1968) (Budapest: Stencil Kulturális Alapítvány, 2000). Even Ernő Kulcsár Szabó, who has passed severe judgement over the literature of the period, mentions a new quality while analysing the output of Hungarian poetry and prose: *A magyar irodalom története 1945–1991* (History of Hungarian literature: 1945–1991) (Budapest: Argumentum, 1993), e.g. 38–44.
- ²⁵ Georg Lukács believed that socialism would become democratic while developing, reforming itself. It was in that year that he wrote his *A demokratizálódás jelene és jövője* (The present and future of democratisation), which at that time was allowed to appear in German only (it was published in Hungarian in 1988, twenty years after it was written).
- ²⁶ It is sufficient to refer to the move made against the Budapest School, the “disciplinary action” taken against certain sociologists (András Hegedüs, György Konrád, Iván Szelényi).
- ²⁷ There is an extensive amount of literature on that subject written since the end of the seventies, first by economists, such as László Antal, Tamás Bauer, later by sociologists, such as András Hegedüs, Mária Márkus, Erzsébet Szalai.
- ²⁸ There is extensive literature on the dramatic realignment of exchange rates and its effect on the foreign balance of payments of Hungary. One of the first analyses, also trying to find a solution, is Kozma, Ferenc. *A nyitott szerkezetű gazdaság* (Open structure economy) (Budapest: Kossuth, 1980).

- ²⁹ That was the celebrated pricing principle of Bucharest, trying to eliminate the conjunctural fluctuation of prices in capitalist markets from the commerce among the members of COMECON.
- ³⁰ At the time one of the arguments of Soviet and East German economists against the Hungarian reform was the low rate of the growth of national income. This argument was certainly important in the debates of 1972, and contributed to the insistence on high investment rates. See, for example, Csikós Nagy, Béla, “Tartható-e a felgyorsult gazdasági növekedés?” (Is accelerated economic growth sustainable?) *Közgazdasági Szemle* (Economic Review) (May 1974).
- ³¹ More precisely, maintaining and transforming the balance of military-global political power relations between the two systems strongly determined Soviet foreign policy, which wanted to see its closest allies in order, including domestic stability. To achieve that, homogenising the political and economic system seemed to be most expedient as the events in Czechoslovakia and Poland had not really proved to them the usefulness of diversity. This is excellently analysed in Mitchell, Judson R. *The Ideology of a Superpower* (Stanford: Hoover Institution Press, 1982).
- ³² One of the first and important documents of facing the facts is Bognár, József. *Világ gazdasági korszakváltás* (New era in global economy) (Budapest: KJK, 1976).
- ³³ It was András Bródy’s essay entitled *Lassuló idő* (Decelerating time) (Budapest: KJK, 1983) that first called attention to the significance of long-term trends, and to the fact that new solutions took a long time.
- ³⁴ In April, 1984, the CC of MSZMP passed a resolution on the significant transformation of the system of economic management.
- ³⁵ It cannot be a coincidence that the new wave of reform was characterized by sharp professional and political debates. Interestingly, and understandably, the most intensive clashes broke out not around economic subjects, but on social issues and on the role of politics. The biggest storm was triggered by the article of Tamás Bauer (“A második gazdasági reform és a tulajdonviszonyok” [The second economic reform and ownership], *Mozgó Világ* [November 1982]). Kádár, at the session of the CC of MSZMP in April, 1983, replied with a firm rejection to the demand to separate politics and economy: see Kádár, János, *A békéért, népünk boldogulásáért* (For peace and the well-being of our people) (Budapest, 1985), 84.
- ³⁶ For a good survey of the stratification, structuralisation of society, see Kolosi, Tamás. *Tagolt társadalom* (Articulated society) (Budapest: Gondolat, 1987). For the interpretation of the second economy, see Gábor, István R., Péter Galasi. *A “második gazdaság”* (The “second

economy”) (Budapest: KJK, 1981). For my own position and interpretation, see my *Hatalom és mozgalom*, mentioned above.

- ³⁷ The essay of Elemér Hankiss entitled *Társadalmi csapdák* (Social traps), written in 1977, is a typical piece of contemporary literature on the subject. The author noticed early the techniques to enforce interests spreading in Hungarian society, which, with the passing of time, conditions growing difficult, and with ideological control and norms slackening became increasingly refined (Budapest: Magvető, 1983).
- ³⁸ In 1982–1984 it was possible to balance the current account with strict central direction and “manual controls”. Official information at the time of course included the positive developments, supported by the later corrected figures of the balance, too. The periodical *Figyelő* (October 12, 1989) published a chart on the subject.
- ³⁹ The first man of MSZMP expounded his political considerations with great vigour in April 1984, first at the meeting of the Political Committee, and then at the Central Committee. MOL (Hungarian National Archives) M-KS 288. f. 5/907. ó. e. and 4/198. ó. e.