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To My Parents
ACKNOWLEDGMENTS

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Chapter I

Introduction

1. Research Problem

The political upheaval that swept Eastern Europe in the late 1980s put the predictive capacities of the social sciences seriously in doubt.\(^1\) In retrospect, Western observers tended to overestimate the strength of the communist parties, their coercive forces, and their ideological penetration into the East European societies. On the other hand, the oppositions in the region tended to underestimate their potential strength embedded in the popular antipathy toward the communist regimes. Not even the most optimistic oppositional activists involved in these changes had reckoned with the final outcomes accomplished.

The dissertation research is about the changes in the domestic political order of Hungary. Specifically, it is my intention to analyze the processes in Hungary's transition to the post-communist regime.

\(^1\) Observing the political transformation of Eastern Europe, Przeworski comments as follows: "The 'Autumn of the People' of 1989 was a dismal failure of the predictive power of political science. Any retrospective explanation of the fall of communism must not only account for the historical developments but must also identify those theoretical assumptions that prevented us from anticipating these developments. If we are so wise now, why were we not equally sage before?" See Adam Przeworski, 1991a. "The East Becomes South? The Autumn of the People and the Future of Eastern Europe," *PS: Political Science and Politics*, vol. 24:1, p. 20.
to democracy, from the cracks in the state socialist regime to the establishment of a
democratic regime.\(^2\) It will not concern the question of "aftermath," i.e., the processes of
consolidation.\(^3\) The period of concentration will be from the mid-1980s when the signs of
erosion in the Kádár regime appeared to the spring of 1990 when Hungary experienced
free parliamentary elections and ended four decades of communist one-party rule.

\(^2\) Bunce delineates the core characteristics of state socialism in Eastern Europe as
follows: (I) rule of men as opposed to rule of law; (ii) extensive civil liberties in law, not in
practice; (iii) no institutionalized competition for political office; (iv) non-representative
government; (v) non-Weberian bureaucracy subject to control by non-elected officials; and
(vi) concentration of economic resources in state hands. See Valerie Bunce, 1989a. "The
Transition from State Socialism to Liberal Democracy." Unpublished manuscript,
Northwestern University. While Bunce's definition is generally applicable to state
socialism in Hungary, it seems insufficient to capture the key characteristics of the regime
under Kádár, which will be discussed in the following chapter. For various interpretations
of communist regime, see also András Bozóki and Miklós Sükösd, 1990. "Honnan, hová,
miért: A magyar átmenet megértése felé" [From Where, to Where, and Why: Toward
Understanding of the Hungarian Transition], Mozgó Világ, no. 8, pp. 4-5. Democracy
will be defined following Przeworski: "Democracy is a system in which parties lose
elections. There are parties: division of interests, values, and opinions. There is
competition, organized by rules. And there are periodic winners and losers. Obviously
not all democracies are the same ... Yet beneath all the institutional diversity, one
elementary feature -- contestation open to participation -- is sufficient to identify a
political system as democratic." That is, democracy involves institutionalized competition
and basic civil liberties. While this procedural conception of democracy excludes socio-
economic considerations, it nevertheless seems to prevail in the study of regime transition.
Reforms in Eastern Europe and Latin America.* Cambridge: Cambridge University Press,
p. 10.

\(^3\) O'Donnell observes two transitions involved in the overall change from an
authoritarian to a democratic regime. The first transition is from the previous
authoritarian regime to the establishment of a democratic government. The second
transition pertains to the processes of democratic consolidation. See Guillermo
Guillermo O'Donnell, and J. Samuel Valenzuela (eds.), *Issues in Democratic
Consolidation: The New South American Democracies in Comparative Perspective.*
Notre Dame: University of Notre Dame Press, p. 18.
Hungary's political transition was a slow and gradual process. It was also peaceful. There were virtually no such breakdowns of public order as violence, mass demonstrations against the regime, or general strikes. This feature distinguishes the Hungarian transition from the Polish, East German, Czechoslovak, or Romanian transitions. The Hungarian transformation is often labeled as a "regime-induced transition,"4 a "negotiated revolution,"5 or as an example of "democratic elitism."6 All these terms more or less accurately describe Hungary's transitional pattern, but they are

---

4 The Hungarian transition was not initiated by the pressure of the opposition, but by the regime core. When the Hungarian Communist Party decided to move toward the creation of a multi-party system, the opposition was still weak, isolated, and lacked a broad social appeal. In other East European countries, on the other hand, the impetus for regime transformation was the strong pressure from below. See, for example, Janina Frentzel-Zagorska, 1991. "Patterns of Transition from a One-Party State to Democracy in Poland and Hungary." Paper presented at the Annual Convention of Hungarian Sociological Association, Budapest, June 24-28.

5 In Hungary, the negotiations between the regime and opposition and subsequent political agreement paved the way for Hungary's transition to a multi-party democracy. Roundtable negotiations were in fact held in other East European countries except Romania. But whereas the communist regimes in Czechoslovakia and East Germany entered into negotiations when they had almost collapsed, in Hungary and Poland the ruling parties more or less controlled the transition process at the time of negotiations. Moreover, the Hungarian case differs from the Polish one in the sense that, while in Poland the regime and Solidarity agreed to an institutional guarantee for the Communist Party, in Hungary negotiations yielded an electoral competition without guarantees. See, for example, László Bruszt, 1990. "1989: Magyarország tárgyalásos forradaloma" [1989: Negotiated Revolution of Hungary], in Sándor Kurtán et al (eds.), Magyarország Politikai Évkönyve. Budapest: AULA Kiadó, pp. 160-66.

6 Hungary's political transition was elite-centered. A small circle of elites both within the regime (reformers and conservatives) and in the opposition (moderates and radicals) played a decisive role as prime actors in the making of democracy, whereas the majority of the population was largely isolated from the political scene. See, for example, Judy Batt, 1991. East Central Europe: from Reform to Transformation. London: Pinter Publishers, pp. 34-37.
insufficient to account for the complex processes of Hungary's political transition from beginning to end.

What kind of theoretical paradigm provides the most plausible explanation of Hungary's political transformation? In my view, political elites played the decisive role in the transition to democracy in Hungary. That is, a small circle of elites both within the regime and the opposition and their strategic choices proved to be most important in the coming of democracy in Hungary. This is not to say that outcomes are solely dependent on the key political actors' skills, imagination, creativity, or their subjective evaluations surrounding unique strategic choices. Rather, it may be argued that elites' choices are highly conditioned by the various constraints within a specific context (itself not fixed but changing) since they may either limit or enhance the options available to different political actors.7

The dissertation research will address three main questions. First, what caused the cracks in the regime and induced it to move toward liberalization?8 It will be argued that

---

7 Karl and Schmitter argue that an excessive focus on contingent choice in the study of transition often leads to a voluntarist position, in which the emergence of a democratic regime is primarily due to "statecraft" and the ability of political elites to compromise. According to them, different contexts make such "statecraft" more or less possible. They introduce the notion of "structured contingency," according to which the decisions made by political actors cannot be separated from "historical-structural constraints" since they largely determine the "range of options available to decision-makers and even predispose them to choose a specific option." See Terry Lynn Karl and Philippe C. Schmitter, 1991. "Modes of Transition in Latin America, Southern and Eastern Europe," International Social Science Journal, vol. 43, pp. 269-84.

8 Liberalization refers to a "process of making effective certain rights that protects both individuals and social groups from arbitrary or illegal acts committed by the state or third parties." It implies the recognition of civil liberties without changing the structure of authority. Democratization, on the other hand, refers to a process of making certain rules
the rapid deterioration of the Hungarian economy and the subsequent need for the introduction of an economic stabilization program destroyed the very basis of Kádárist legitimacy; that the collapse of Kádárism resulted in a leadership change within the Communist Party and the emergence of independent organizations of society; and that the post-Kádár leadership launched liberalization, albeit very defensive in its nature, in an attempt to resolve the problem of legitimation in a period of economic stabilization which featured unprecedented austerity measures.

Second, how and why did what began as a project of liberalization culminate in the launching of democratization? It will be argued that liberalization, which aimed at granting some political concessions to society within the framework of a one-party system, failed due to the conflicts between the conservative and reformist camps within the regime over the scope and nature of political change as well as the proliferation of oppositional organizations, and that when faced with the choice between restoration and democratization, the regime core decided in favor of limited democratization since it was perceived to be less costly than a repressive solution.

Third, how and why did an attempt at limited democratization falter and lead eventually to the establishment of a democratic rule in Hungary? It will be argued that the project of limited democratization which envisioned continued dominance of the Communist Party in a prospective multi-party system failed because of the emergence of a united opposition and the pressure of reform forces within the Communist Party; that the strengthening of reform forces among the party’s rank and file and the defection of high-ranking party officials from the conservative line resulted in the shift in the balance of power in favor of reformers; and that the political pact made between the forces within the regime (the reformers) and the opposition (the moderates), who saw themselves as future coalition partners, paved the way for the advent of democracy in Hungary.

Given the fact that the study of transitions has become a veritable growth industry in political science over the several years, and that the political transitions in Eastern Europe were relatively recent phenomena, a specific case study will contribute to the accumulation of knowledge in the study of transitions. In this regard, the Hungarian case deserves some attention. First, Hungary’s political transition was a gradual process (spanning almost two years) with relatively distinct stages of transition, unlike other East European cases where the collapse of regime and the transfer of power took place suddenly and almost simultaneously. Second, “top-down” or “bottom-up” model of regime transformation cannot explain Hungary’s political transition. Unlike most East European cases (except Poland), the Hungarian case displays the complex interactions within and across the regime (conservatives and reformers) and opposition circles (moderates and radicals) in the transition to democracy.
The dissertation research attempts to provide systematic and detailed account of the evolution of elites’ choices in the course of Hungary’s transition. For this purpose, this study mainly focuses on the investigation of (i) a configuration of political forces both within the regime and the opposition; (ii) a delineation of the relations of antagonism and alliance among them; (iii) a shifting balance of power between them; (iv) calculations of costs and benefits of certain courses of action on parts of various actors; and (v) some objective conditions or circumstances that affect the strategies of political actors. In so doing, the research aims not only at capturing the key characteristics and dynamics of the Hungarian transition, but at raising some important theoretical issues in the study of transitions in general.

2. Previous Studies

In this section, I will review several important approaches to the issue of regime change in order to address their strengths and limitations, especially in light of Hungary’s political transformation. Some approaches try to explain the political change in Eastern Europe by focusing on different factors, i.e., modernization, legitimation, and the role played by the Soviet Union. Another approach which will be reviewed here highlights the elite factor as the most important one in the regime transformation. The so-called “transition literature,” although mainly based on the experiences of democratic transitions in Latin America and Southern Europe, offers some insight into the Hungarian case. Some representative works of transition literature, therefore, will be examined to assess its relevance in Hungary’s political transition.
Modernization Factor

As increasingly heterogeneous patterns of politics emerged in the post-Stalin period of Eastern Europe, a totalitarian model gradually lost its validity in explaining the reality of the region. The liberalizing trends in the communist regimes led some specialists of the region to abandon the concept of totalitarianism, and instead focus on the phenomenon of modernization and explore its impact on political changes. There are several versions of modernization thesis applied to the context of communist system. Iván Völgyes, for example, argues that there was a strong correlation between the level of modernization and political development. According to Völgyes, the first stage of economic modernization in Eastern Europe, which was characterized by the high degree of industrialization and urbanization, was accompanied with forced political mobilization. Enforced political participation of the masses in support of party dictates, however, contributed to the raising of political consciousness and development of "cognitive dissonance" of the masses. These, in turn, led to the revolt in Hungary and Poland of 1956 and in Czechoslovakia of 1968.

---

9 For the classic formulation of totalitarian model, see Carl J. Friedrich and Zbigniew Brzezinski, 1956. *Totalitarian Dictatorship and Autocracy*, Cambridge: Harvard University Press, pp. 9-10. Friedrich and Brzezinski offered a definition of totalitarianism as a highly stable system based on a cluster of six mutually reinforcing features -- a single mass party, an official ideology, control over the economy, control over communication processes, the armed forces, and a terroristic police system.

The second stage of economic modernization, characterized by slow economic growth, was associated with the period of stagnation in political development. According to Völgyes, rigidity in political structure and party rule following upheaval in some countries of Eastern Europe caused the lack of economic growth. The regime's failure in economic development, in turn, created a buildup of "stresses and tensions" among the population. At the end of the stagnation phase, the party leadership eventually recognized the need to implement economic changes in order to retain their rule.

Finally, the third stage of economic modernization, symbolized by the introduction of economic reforms, was correlated with the period of political development. Völgyes asserts that the reforms in the economic sphere called for "within-the-system" political change, i.e., measures such as reduced party control in the economy, some electoral reforms, and a liberal cultural policy that were unprecedented in the evolution of communist regimes.

Instead of mechanistically establishing a linkage between the modernization and political development, some analysts of the region focus on the contradiction between the goals of communism and modernization, and explore its implications for political changes. According to Chalmers Johnson,11 for example, the communist parties in power were forced to adopt a "transfer culture" not only to reach the ultimate "goal culture" (e.g. a classless society, the defeat of imperialism, socialist construction, and the new socialist

man), but to maintain the social system (e.g. economic modernization). The achievement of the "transfer culture" demanded "forced" mobilization.

However, the process of societal mobilization carried with it two "unintended" side effects for which there were no ideological guidelines offering acceptable solutions. One was the "extreme" bureaucratization that cannot be easily controlled or eliminated. The other was the inevitable concomitant of economic modernization, i.e., increased functional differentiation and societal complexity, which, in turn, created pressures "to bring the system into balance to allow development in the hitherto unauthorized area." Thus, the leadership of the regime was forced to abandon some dysfunctional controls (e.g. the use of terror) and began experimenting with market mechanisms.

According to Johnson, it is at this point that the regime's dilemma arose. On the one hand, the regime recognized that market reform was necessary to address the functional requisites of the social system. On the other hand, sweeping economic reform might unleash artificially suppressed demand for political reform, thus posing a serious challenge to the survival of the regime. Moreover, the bureaucracies often saw the pressures for change as a threat to their vested interests. Therefore, the regime would face "a choice between isolationism (with economic stagnation) and revolution unless a political leadership capable of managing reform comes to the fore." The outcome of this dilemma is far from conclusive. But, in Johnson's view, in the long run the exigencies of the regime's survival would force the leadership to address the functional requisites of the social system.
Richard Lowenthal's case study also proved a long-term trend toward the triumph of modernization over utopianism in the communist regimes. According to him, the contradiction between the goals of utopia (i.e., Marxist vision of a classless society) and modernity appeared in a series of concrete policy conflicts: (i) the conflict between the revolutionary elites and the new technocrats who adhered to the idea of economic development resulted in a victory of the latter, which led to a major shift in the composition of the party; (ii) a victory of incentive-based policies in economic life over the use of coercive measures led to a growing acceptance of materialist values; (iii) in the conflict over the continuation of the "revolution from above," the loss of revolutionary dynamism led to a change in the image of the party's role in society. Lowenthal argues that the "combined" effects of these changes were reflected in the reversed relationship between the political system and the development of society. That is, the political system, which submitted an underdeveloped society to forced development and to a series of revolutions from above, now had to react to the pressures from an increasingly "advanced" society.

Some of the signals of this reversed role could be detected in the reduction of the state and party's sphere of activities, in the increase in individuals' legal and social security, and in a growing autonomy of intellectual and cultural life. For Lowenthal, what now emerged was a "new" authoritarian regime which was on the defensive against the forces of autonomous development of society but which found it necessary to allow certain

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limited elements of pluralism, and which emphasized rationality in economic life and in bureaucratic procedures.

Later, Lowenthal elaborates on the contradiction between communist one-party rule and the requirements of an industrial society and predicts the evolution of communist regimes towards a pluralistic democracy.\textsuperscript{13} His main concern was whether in the future "industrial" or "mature" society could be ruled and operated by a single party. To answer it, Lowenthal examines some of the functional problems postrevolutionary one-party regimes faced within the context of industrial society. The first question is whether communist one-party rule was compatible with the requirements of technical rationality and economic efficiency. In this regard, the most serious shortcoming of the communist one-party regimes lay in the difficulty of implementing a radical type of economic reform (i.e., market socialism and managerial autonomy). That is, the bureaucracies are likely to block the successful implementation of radical reform since it could damage their vested interests.

The second functional problem of the postrevolutionary one-party regime is to what extent it could respond to the shifting interests of various groups and permit their articulation in an increasingly "differentiated" society. According to Lowenthal, an "informal and bureaucratic" interest articulation runs the risk of the leadership's misjudging of societal needs, which could ultimately lead to the crisis of regime. Another method of regularizing interest articulation is a "representative and democratic" one,

which had arisen spontaneously in the course of political crisis (e.g. Czechoslovakia under the reformist regime of 1968). For Lowenthal, however, the communist one-party regimes would hardly maintain its stability under the pressures generated by pluralistic and participatory institutions.

Functional changes of communist one-party regimes and limitations on their adjustment to the needs of industrial society ultimately lead to the question of whether they would be capable of acquiring long-term legitimacy. Lowenthal argues that the communist one-party regime's chances of acquiring legitimacy were bound to decline in the long run and pointed out that there was no alternative to legitimacy "based on institutional procedures." As we have seen, the perceived impact of modernization on communist politics differs slightly from one author to another, i.e., political development (Völgyes), victory of modernity over ideological politics (Johnson, Lowenthal 1970), and evolution toward democracy (Lowenthal, 1976). However, the modernization paradigm employed in the communist context enjoyed limited success primarily due to the gap between theory and reality.

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14 Lowenthal concludes: "Modern societies which cannot adopt the basic institutions of pluralistic democracy but persist under the control of an authoritarian single-party monopoly will be likely both to fall below the potential of economic development which they could otherwise reach, and which their advanced democratic rivals do reach, and to fall victim to recurrent political crisis owing to a long-term decline in legitimacy ... What we can assert is that those which do not evolve in the direction of pluralistic democracy will in fact fail to solve some of the crucial problems facing them and will have to pay the cost of such failure in one form or another" [Ibid., p. 113].

Although some analysts see the modernization theory vindicated by the rise of Gorbachev and the political changes of Eastern Europe in the late 1980s, it seems that modernization theory has a limited relevance in accounting for Hungary's political evolution. Unlike Völgyes' claim that a high level of economic modernization (i.e., economic reform) brought about significant revisions in the political sphere, the Hungarian case demonstrates that the relaxation of the party's control over society, in fact, preceded come to the fore and the communist regimes had not self-destroyed. Richard Lowenthal, 1983. "Beyond Totalitarianism," in Irving Howe (ed.), 1984 Revisited: Totalitarianism in Our Century. New York: Harper & Row, pp. 209-67. Here Lowenthal again acknowledges the excessive costs of maintaining one-party rule, but nevertheless seems to be impressed by the stability of communist one-party regime. He writes: "The post-totalitarian system may be described as an authoritarian bureaucratic oligarchy ... The advantages of a system of oligarchic stability appear considerable. But there is a price which the people of the Soviet Union, and of the whole Soviet empire, have had to pay and are still paying: excessive bureaucratic conservatism, a stupendous lack of innovation and initiative, and increasingly absurd and over-aging of leading and middle cadres ... But they do not detract from the basic lesson: proof that post-totalitarian one-party rule can work" (pp. 258-9). See also David Stark and Victor Nee, 1989. "Toward an Institutional Analysis of State Socialism," in Nee and Stark (eds.), Remaking the Economic Institutions of Socialism: China and Eastern Europe. Stanford: Stanford University Press, pp. 5-8.

16 See, for example, Lucian W. Pye, 1990. "Political Science and the Crisis of Authoritarianism," American Political Science Review, vol. 84:1, pp. 3-19. Pye writes: "Modernization theory predicted that such developments as economic growth, the spread of science and technology, the acceleration and spread of communications, and the establishment of educational systems would all contribute to political change. We cannot here document all the ways these factors have brought about the current crisis of authoritarianism, but we can note briefly the extent to which we failed initially to appreciate the orders of magnitude they would reach." According to Pye, the imperatives of economics, technology, and the principles of rationality have placed enormous constraints on the domain of "ideological politics," and thus have produced a crisis of confidence in the communist systems. For Pye, however, the outcome of this crisis is far from predetermined. It would depend on how the individual country copes with the clash between the "culture of modernization" and the "indigenous" political couture. Thus, the crisis might lead to democracy or "part-free, part-authoritarian" system.
the introduction of economic reform in 1968. At the same time, unlike Johnson's and Lowenthal's arguments, there is little evidence that the Hungarian regime's deemphasis on ideological politics stemmed from the pressures created by the concomitant of modernization, i.e., the functional differentiation and societal complexity, or the pressures from an increasingly "advanced" society. Rather, the pragmatic governing methods under the Kádár regime arose out of the national trauma of 1956 and was reinforced by Kádár's own political outlook.

Are, then, the "imperatives" of modernization or the "requirements" of an industrial society sufficient to explain Hungary's democratic transformation? The Hungarian society in the 1980s was obviously a modern, complex and heterogeneous society. There emerged a serious recognition, especially since the mid-1980s, that the obsolete political (i.e., party's monopoly of power) and economic structures (i.e., "neither plan, nor market") cannot meet the requirements of economy and society, and that the regime cannot achieve the modernity without political and economic pluralism. This kind of view was popular among some intellectuals both within and outside the regime and a group of reform economists who argued for the introduction of a radical economic reform

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18 See, for example, Mihály Vajda, 1981. The State and Socialism. London: Allison and Busby, especially ch. 8.

and political liberalization. And this recognition was infiltrated into a younger generation of party politicians who were increasingly disillusioned with the accomplishments of Kádár leadership. It may be argued, therefore, there is a positive correlation between the needs of modernization and Hungary’s democratic transformation, at least the post-Kádár leadership’s move toward liberalization.

However, it is still very difficult to establish a causal linkage between the imperatives of modernization and Hungary’s democratic transition. There were two

\[20\] Jason McDonald attempts to link the imperatives of modernization to the advent of democracy in Hungary. According to him, when the Hungarian economy entered a period of rapid decline in the mid-1980s, a group of reform economists began to embrace an idea of "utopian capitalism." He argued that political interests unleashed by Gorbachev’s reformism and succession crisis enabled the reform economists and party reformers to lift "economic utopianism" into mass consciousness, according to which democracy was the best way to achieve the "capitalist" and "prosperous" economy. Thus, for McDonald, democracy in Hungary came about as a means to make the economy "capitalist" and "prosperous." See Jason McDonald, 1993. "Transition to Utopia: A Reinterpretation of Economics, Ideas, and Politics in Hungary, 1984-90," \textit{East European Politics and Societies}, vol. 7:2, pp. 203-39. As McDonald indicates, there was a group of reform economists who urged the introduction of a radical economic reform (e.g. economic stabilization and some measures of marketization and privatization) to avoid the country's economic catastrophe. This group was instrumental in pushing the party to adopt a tough economic stabilization policy, but McDonald's claim that reform economists and their idea played a decisive role in Hungary's democratic transformation is clearly an overstatement. The reform economists strongly advocated the political reform as a precondition for economic reform. However, their vision of economic change fell short of the development of a capitalist economy, and their vision of political change did not go beyond the introduction of political liberalization. Moreover, they played a small role in the course of Hungary's political transition.

\[21\] According to Di Palma, the level of modernization achieved by East European societies under communism or the imperatives of modernization played little role in the collapse of communism in Eastern Europe. He wrote: "Are the imperatives of modernization sufficient to account for the demise of communism, however? And in precisely what way? What actually impresses in the present demise is not the resoluteness of the imperative -- despite the objective costs of denying it -- but its opposite: its inability to alter substantially ‘real living’ socialisms.” See Giuseppe Di Palma, 1991.
most critical decisions in Hungary's transition to democracy, i.e., the Communist Party's
decision in favor of limited democratization and the establishment of a political pact
between the regime and opposition. The Hungarian experience shows that there was little
evidence that the imperatives of modernization were behind these political decisions. The
party conservatives' (who were still the dominant force within the regime) decision to
accept the principle of a multi-party system (albeit limited in its scope) stemmed not from
their recognition that it would meet the imperatives of modernization or the requirements
of an industrial society, but from their short-term political calculation that they could
secure the party's dominant position under the conditions of a multi-party system by tightly
controlling the transition.

Moreover, when the party reformers and the opposition worked out an agreement
in the summer of 1989, their primary interests were the establishment of the rules of
political game and the redistribution of political power, and economic issues were simply

"Legitimation From the Top to Civil Society: Politico-Cultural Change in Eastern
"Understanding Political Change in Eastern Europe: A Sociological Perspective,"
*Sociology*, vol. 27:3, pp. 451-70. According to Misztal, the contradiction between the
authoritarian institutions and the complexity of modern society as well as the growing
incompatibility of central planning with the requirements of modern economy caused the
crisis of communist regimes in Eastern Europe. However, she correctly points out that
this alone cannot explain the democratic transformation in the region.

The conservative party politicians still believed that there was no contradiction
between the one-party rule with some modifications and the achievement of economic
modernization. Karóly Grósz (the leader of the party conservatives) was particularly
interested in the cases of Asian NICs (e.g. South Korea, Singapore, and Taiwan) which
attested to the compatibility of authoritarianism with economic success. See Attila Ágh,
1991. *A századvég gyermekei: Az államsocializmus összeomlása a nyolcvanas években*
Budapest: Közgazdasági és Jogi Könyvkladó, pp. 119-22.
pushed into the background. Of course, elites within the regime and in the opposition
were seriously concerned about the tasks of halting the country's economic deterioration
and laying the foundations for economic development. This concern among the Hungarian
elites explains, to a certain extent, the regime's move toward political liberalization.
Nevertheless, there was little indication that the imperatives of modernization were
directly linked to the establishment of a democratic rule in Hungary.

**Legitimation Factor**

Formulating different views on legitimacy in the context of communist systems, some analysts of East European politics regard the legitimation factor as crucial in understanding the stability of communist regimes and their transformation. They consider legitimacy within the elite more important than popular legitimacy and see the decline or disintegration of elite legitimacy as the factor that would give birth to the outbreak of mass revolt and the attempt to transform the system. Paul G. Lewis, for example, distinguishes between elite-based legitimacy and mass-based legitimacy, between the extent to which a regime is perceived as legitimate by the elite, and the extent to which its legitimacy is acknowledged by the population. For Lewis, given the significance of elites in the communist systems and their centralized power structure, the establishment of

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23 Of course, some analysts restrict the use of the term "legitimacy" to regimes based on a freely accepted compromise between the government and people, implying that it can exist only in a pluralistic society with institutionally guaranteed civil rights. See, for example, Ferenc Fehér and Agnes Heller, 1983. *Hungary 1956 Revisited*. London: Allen and Unwin, pp. 151-53.
legitimacy within the elite itself, i.e., self-legitimation, was indeed of particular importance in the maintenance (or change) of the political order in Eastern Europe.24

Seweryn Bialer also argues that in the context of communist systems elite-based legitimacy was more crucial for the stability of the system and its potential for transformation. According to Bialer, "legitimacy deficit" within the elites was the main cause of political crisis in some East European countries in the post-Stalin period: "The revolutions, revolts, and bloodless 'springs' and 'Octobers' in Eastern Europe were first and foremost basic crises of legitimacy within the communist elites," because, for Bialer, the decline of elite legitimacy "leads to the decline of mass legitimacy or transforms the lack of popular support into an effective popular opposition."25

The political change of Eastern Europe in the late 1980s again prompted some scholars to look at it from the angle of legitimation crisis.26 Guiseppe Di Palma, for

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25 Seweryn Bialer, 1980. Stalin's Successors: Leadership, Stability, and Change in the Soviet Union. Cambridge: Cambridge University Press, pp. 195-98. In a similar vein, Rothschild also claims that "the masses intervene in history in a revolutionary manner only after becoming aware of an elite's loss of confidence in the legitimation of its own domination" (Rothschild, op. cit., p. 42.).

26 Prior to the demise of the communist regimes in Eastern Europe, some analysts attempted to explain the Polish crisis of 1980-81 from the perspective of a legitimation crisis. Lewis, for example, argues that delegitimation within the broader elite proved to be the major cause of the emergence of Solidarity. See Lewis, op. cit., pp. 28-35. According to Bielasiak and Hicks, it was the crack in the Gierek regime's legitimation
example, sees the legitimation crisis as the major catalytic factor in the demise of communism in Eastern Europe.\textsuperscript{27} According to Di Palma, communism originally intended to provide a "permanent alternative," not only domestically but above all internationally, to liberal democracy. That is, the communist regimes of Soviet Union and Eastern Europe were not only "developmental dictatorships" to catch up with the advanced industrialized societies, but the "collective harbingers and instruments of a new international order."

Thus, the communist regimes' legitimacy claims were validated in terms of those goals and were upheld by the thesis of the "leading role" of the party.\textsuperscript{28}

\begin{quote}
formula that induced Solidarity to enter the political stage as the "carrier of new rationality." See Jack Bielsiak and Barbara Hicks, 1990. "Solidarity's Self-Organization: The Crisis of Rationality and Legitimacy in Poland, 1980-81," \textit{Eastern European Politics and Societies}, vo. 4:3, pp. 489-512. See also Aleksandra Jasińska-Kania, 1983. "Rationalization and Legitimation Crisis: The Relevance of Marxian and Weberian Works for an Explanation of the Political Order's Legitimacy Crisis in Poland," \textit{Sociology}, vol. 17:2, pp. 157-64. Based on Habermas' stages of "moral development and normative structures," Jasińska-Kania relates the Polish crisis to a crisis in the stage of "law and order orientation," that is, to a "crisis in the orientation towards unquestioning respect for authority and conformity with existing norms." According to her, this orientation collapsed as a basis of legitimation "not only due to fact that the authorities can no longer ensure the maintenance of order and the observance of proclaimed norms, but also because citizens cease to regard the present order as unquestionable and demand the justification of norms of the system." She suggests that the regime move towards the stage of "social-contract legalistic orientation" to resolve the crisis.

\textsuperscript{27} Guiseppe Di Palma, 1991, \textit{op. cit.}, pp. 55-75.

\textsuperscript{28} According to this thesis, the Communist Party has the right to assume monopolistic power because of its supposed global knowledge of all society and its supposed representation of the general interest. Marx never developed the role of the party as a finished theory. It was Lenin who accorded theoretical and practical importance to the party as a postrevolutionary power. For more details, see John Molyneux, 1986. \textit{Marxism and the Party}. London: Bookmarks.
\end{quote}
Di Palma claims that the global ambitions of "overtaking and replacing the Western model" remained basic to communism until the mid-1980s. However, the Soviet hegemon's abandonment of its global goals put the East European satellites in an "identity vacuum," leading the communist elites to lose belief in their right to rule. For Di Palma, this largely accounts for the dramatic surge in mass mobilization in Eastern Europe, which eventually brought down the communist dictatorships: "When a loss of confidence occurred at the top, the ensuing popular mobilization tended to confirm communist regimes in their belief that they had lost the right to rule -- and hence to repress."29

The approach to the issue of legitimacy in the context of communist politics, therefore, stresses that the establishment of legitimacy within the elite was more important than popular legitimacy, and that if the elites lost confidence in their right to rule, the gates would be open to the venting of popular resentment (often in the form of mass-level opposition) which would eventually lead to acute political crisis (and system disintegration).

29 Di Palma’s claim that the crisis of ideology was at the heart of legitimacy crisis may be relevant in the Soviet case, but it may not apply to some East European countries (especially Poland and Hungary) where ideology played little role in the legitimation of the regime. See, for example, Barbara A. Misztal, 1985. “The State and the Legitimacy Crisis,” in Bronisław Misztal (ed.), *Poland After Solidarity: Social Movements versus the State*. New Brunswick: Transaction Books, pp. 103-11; András Bozóki, 1988. “Konfrontáció és konszenzus” [Confrontation and Consensus], in György Szoboszlai (ed.), *Magyar Politikatudományi Társaság Évkönyv*, pp. 33-37. Moreover, some East European cases (e.g. East Germany and Czechoslovakia), where mass protests played a decisive role in the breakdown of communist regimes, seem to contradict Di Palma’s argument that a loss of faith within the ruling group preceded a surge of mass mobilization in Eastern Europe. See Dean McSweeny and Clive Tempest, 1993. “The Political Science of Democratic Transition in Eastern Europe,” *Political Studies*, vol. 41, pp. 414-16.
Discussion of legitimacy is crucial in understanding Hungary's political transformation. The Hungarian regime suffered a crisis of legitimacy and this set the stage for the opening of the political arena. However, a causal linkage often assumed in the above, i.e., from a loss (or decline) of legitimacy within the elite, through a high degree of mass intervention, to regime transformation, does not apply to the Hungarian case. The Hungarian experience illustrates that the level of mass involvement was very low throughout the transition period. It shows that the prospects for regime change may increase when a certain section of elites within the regime embraces the alternative image of political order, and at the same time if it obtains a considerable support base within the regime and society. That is, the party reformers' (a group of reformist politicians and intellectuals) advocacy of a new type of legitimacy based on more democratic principles and their ascendancy within the party played an important role in the advent of democracy in Hungary.

Soviet Factor

Soviet influence has been regarded as one of the most significant factors in the studies of political changes in Eastern Europe. Considering the fact that the Soviet-led military invasions ultimately altered the course of political change in the Hungarian Revolution of 1956 and in the Prague Spring of 1968, it was hard to deny the importance of the Soviet factor in East European politics. The main assumptions shared by East European specialists were that, given traditional Soviet security concerns regarding
Europe, the Soviet Union would maintain its hegemony over the region and that the Soviet Union would not tolerate fundamental political changes in the region.

When it came to the prospects for political changes in Eastern Europe, therefore, cautious predictions had been more the norm than the exception. Observing Gorbachev's reform policies in the Soviet Union, Otto Ulc carefully concludes that despite enhanced autonomy of Eastern Europe promised by Gorbachev, "if too much perestroika and glasnost should lead to destabilization rather than reconstruction, causing any country to become beset by a crisis of Polish proportions, the restoration of the pre-Gorbachevian state of affairs will be demanded by the same Gorbachev."30

Hans-Hermann Hohmann also suggests that the prospects for changes in Eastern Europe would hinge on the course of Gorbachev's reform in the Soviet Union. That is, the progress of reform in the Soviet Union would considerably widen the "margins" for changes in Eastern Europe; setbacks in Soviet reforms would curb the potential for changes in the region. At the same time, he asserted that, given Soviet interest in control over the East European economic and political systems, the changes in the region would not go beyond the fundamental constitutional structure of Eastern Europe, i.e., the preservation of the "leading role" of the party and the socialist system of ownership.31


These predictions, of course, were overtaken by events of 1989 in Eastern Europe.

The question, then, is whether Soviet influence was a crucial factor in bringing about democratic transformation of Eastern Europe. For some Western observers, the collapse of communist regimes in the region and their transformation into democratic regimes were principally the doing of Gorbachev. According to them, without Gorbachev's reformism, dramatic political changes of Eastern Europe would have been unthinkable. However, this presumed significance of Soviet role should depend on the specific case under examination, and, in my view, the Soviet factor played a limited role in the Hungarian political transition.

First, let me briefly examine the origins of Gorbachev's reformism. Adam Przeworski points out that the "Gorbachev revolution" was to a great extent "endogenous": the Soviet Union "was incapable of silencing dissident voices, inept at feeding its own people, ..., indolent in international technological competition." The rise of Gorbachev was also connected with the growing burden of the Soviet Union in maintaining its control over the "empire." Valerie Bunce explains the problems that Eastern Europe had posed to the Soviet Union. First, East European economic problems,

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characterized by low growth and indications of long-term economic deterioration,\textsuperscript{34} undermined Soviet economic performance mainly due to the economic interdependence of the Soviet bloc. Second, the Soviet Union was concerned with the precarious status of political stability in Eastern Europe, which not only could weaken the bloc as a whole, but could affect the Soviet domestic political situation.\textsuperscript{35} These problems represented serious burdens on the part of the Soviet Union and led to the shift in the Soviet strategic posture toward Eastern Europe.

Under such circumstances, the Soviet option was to minimize the burdens that stemmed from the economic problems of its allies, while enhancing the economic and political "viability" of the region. In Gorbachev's view, it could be accomplished by (i) encouraging Eastern Europe to emulate some of his reform package; (ii) increasing efficiency and integration within Council of Mutual Economic Assistance (CMEA); and


(iii) fostering bloc economic transaction with the West.\textsuperscript{36} It should be noted, however, that Gorbachev had focused his attention in Eastern Europe on economic issues, that is, the domestic economic reforms and changes in the structure and functioning of CMEA. As far as political change is concerned, the "signals" from Moscow were by no means clear. As Iván Völgyes points out, Moscow was "reticent" on the extent to which political reform should be allowed in Eastern Europe.\textsuperscript{37}

Przeworski describes the threat of Soviet intervention as "a dam placed against pressing waters." Once the dam cracked, as Gorbachev removed the threat of Soviet intervention by repeated statements that the Soviet Union would not interfere with East European domestic affairs, "it was the pent up waters that overran its remains." That is, the "impetus" for the fundamental changes in Eastern Europe was "internal."\textsuperscript{38} Therefore, Soviet non-intervention and the mixed "signals" from Moscow on the question of political change indeed refute the presumed decisive role of the Soviet Union in causing the political transformation of Eastern Europe. It is obvious in retrospect that the changes in the region went much further than Gorbachev originally intended.\textsuperscript{39}

\textsuperscript{36} Bunce, 1989, \textit{op. cit.}, pp. 248-54.


\textsuperscript{38} Przeworski, 1991a, \textit{op. cit.}, p. 21.

\textsuperscript{39} See, for example, Charles Gati, 1990. \textit{The Bloc That Failed: Soviet-East European Relations in Transition}. Bloomington: Indiana University Press. Gati notes: "Whether Gorbachev fully anticipated the consequences of his decisions remains uncertain ... It is quite possible he misjudged East European popular sentiments by assuming that his
Now let me turn to the role of the Soviet factor in Hungary's transition to democracy. It would be naive to deny the Soviet influence, whether direct or indirect, in framing Hungarian politics and elite behavior in the last four decades. Thus, the Hungarian regime's policies and institutional arrangements were, in a sense, "hostage" to Soviet political, economic, and military interests. In my view, however, the Soviet factor did not play the decisive role in the Hungarian democratic transition. Above all, there is little evidence to support the direct influence of the Soviet Union.40

On the other hand, it may be argued that the Soviet factor played an important role at least in the initial phase of Hungary's transition. That is, Gorbachev's reform policies version of reformist communism would take root in the region ... The Soviet leadership, in particular, failed to anticipate that the East Europeans would interpret Soviet military retrenchment as political retreat and would press for a change in the system" (pp. 163-4). See also Karen Dawisha, 1990. *Eastern Europe, Gorbachev, and Reform.* Cambridge: Cambridge University Press.

40 In answer to a question about Gorbachev's role in the political transformation of Hungary, Rezső Nyers, the Politburo member and later Party Chairman of the former Hungarian Communist Party, indicated that, to his knowledge, there were no phone conversations between Gorbachev and the Hungarian party leaders (including himself) or any exchange of documents or memoranda concerning the Hungarian political situation. According to Nyers, there were obviously some leaders in the Kremlin who found the political aspirations of the East Europeans irreconcilable with Soviet interests, but the Soviet leadership could not settle the issue of clearly defining Soviet security goals and interests in Eastern Europe before the sweeping changes of 1989 [Personal Interview with Rezső Nyers, conducted in Budapest, June 5, 1991]. See also Ellen Comisso, 1991. "Where Have We Been and Where Are We Going? Analyzing Post-Socialist Politics in the 1990s," in William Crotty (ed.), *Political Science: Looking to the Future.* Vol.2. Evanston: Northwestern University Press, p. 99. Comisso categorizes the changes of Hungary and Poland as "domestic push," and the cases of East Germany, Czechoslovakia, and Bulgaria as "external pull." For a similar argument, see Judy Batt, 1993. "The International Dimension of Democratization in Czechoslovakia and Hungary," in Geoffrey Pridham, Eric Herring, and George Sanford (eds.), *Building Democracy?: The International Dimension of Democratization in Eastern Europe.* New York: St. Martin's Press, pp. 168-87.
and the events taking place in the Soviet Union, his declarations that the Soviet Union
would not intervene in East European domestic affairs, and his expressed interest in the
Hungarian reform experiences were conducive to the surfacing of political activism among
the reformist group within the party as well as oppositional forces in society. Gorbachev's
reformism also proved to be the catalytic factor in undermining Kádár's rule. In
Gorbachev's era of reform, Kádár, who had become an opponent of much-needed
economic and political changes, was no longer needed. At the same time, his role as the
indispensable shield against Soviet meddling had been made redundant.

However, it was not so much Gorbachev's real influence as his image (and
interpretations of relevant actors) that contributed to the creation of a favorable
environment for the party reformers and the opposition, and to the demise of Kádár's rule.
Events following the leadership succession indicated that Hungary's political
transformation was hardly bound up with Gorbachev's influence. In fact, even Károly
Grósz' (the new party chief and leader of party conservatives) vision of political change
went beyond Gorbachev's reformism.

**Elite Factor**

In the past decade, an extensive literature has emerged on transitions to
democracy. Although there are several perspectives to explain democratic transitions, the
dominant trend is toward greater emphasis on the autonomy of political factors.41 The

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41 In a seminal article, Rustow stresses the importance of elites' choices in bringing
about democracy. See Dankwart A. Rustow, 1970. "Transition to Democracy: Towards a
Dynamic Model," *Comparative Politics*, vol. 2:3, pp. 337-63. He developed a model that
central argument in the transition literature is that elites and their strategic choices carry primary explanatory power when it comes to the democratic transition. Let me start with the question of transitional opening. Most authors have focused on elite processes, especially those within the authoritarian regime. O'Donnell and Schmitter argues that liberalization begins with the splits within the authoritarian regime.

consists of several distinct phases, i.e., unity, conflict, decision, and habituation. However, it was not his specific model that has enjoyed much success, but his commitment to political explanation and his distinction between the coming of democracy and its consolidation. He writes: “The decision in favor of democracy results from the interplay of a number of forces. Since precise terms must be negotiated and heavy risks with regard to the future taken, a small circle of leaders is likely to play a disproportionate role ... In so far as the decision is a genuine compromise it will seem second-best to all major actors involved -- it certainly will not represent any agreement on fundamentals ... The agreement worked out by the leaders is far from universal. It must be transmitted to the professional politicians and to the citizenry at large (pp. 356-57). Thus, for Rustow, neither favorable socioeconomic conditions nor political elites' normative commitment to democracy was a prerequisite for the coming of democracy. Rather, he views democracy as the result of tactical choices of political elites. It is in a consolidation phase that both the politicians and citizens come to accept and internalize the new democratic rule.


43 They assert: “There is no transition whose beginning is not the consequence -- direct or indirect -- of important divisions within the authoritarian regime itself, principally along the fluctuating cleavage between hard-liners and soft-liners.” See O'Donnell and Schmitter, *op. cit.*, p. 19.
Similarly, Przeworski views the emergence of schism within the ruling bloc as the major impetus for liberalization. He suggests that several "objective" situations (such as succession crisis, forthcoming economic crisis, mass unrest, strong foreign pressures, etc.) might produce cracks in the regime. But, for him, these should not be viewed as "causes" of liberalization.

For Przeworski, a loss of regime legitimacy is also inappropriate to account for the cracks in the authoritarian regime and its subsequent move toward liberalization. According to him, the authoritarian regime that suffered a loss of legitimacy could last for some decades, that is, "a regime does not collapse unless and until some alternative is organized in such a way as to present a real choice for isolated individuals."45

Przeworski may be right in that regime stability or its potential for change is not always explained by invoking the question of legitimacy. However, the Hungarian experience shows that the decline of legitimacy was the major impetus for the important political changes both within the regime (i.e., leadership succession) and in the opposition (i.e., emergence of independent organizations), and that it was very much behind the post-Kádár leadership's move toward liberalization, albeit restricted in its nature. Moreover,

44 Przeworski writes: "Where some perspectives of an 'opening' have appeared, they have always involved some ruling groups that sought political support among forces until that moment excluded from politics by the authoritarian regime ... The first critical threshold in the transition to democracy is precisely the move by some group within the ruling bloc to obtain support from forces external to it." See Adam Przeworski, 1986. "Some Problems in the Study of the Transition to Democracy," in Guillermo O'Donnell, Philippe Schmitter, and Laurence Whitehead (eds.), Transitions from Authoritarian Rule: Comparative Perspectives. Baltimore: The Johns Hopkins University Press, p. 56.

unlike O'Donnell and Schmitter's and Przeworski's assertions, the Hungarian case also demonstrates that the conflicts within the regime did not precede liberalization. In fact, the splits between the conservatives and reformers within the Communist Party emerged and further deepened in the course of liberalization.46

Now let me examine the key characteristics of transitional context. O'Donnell and Schmitter highlights high level of uncertainty as the defining feature of transition: "the unexpected and the possible are as important as the usual and the probable." According to them, unlike periods of "normal" politics (i.e., under authoritarianism or a consolidated democracy), political actors would face unusual chances to shape the course of events, that is, "hope, opportunity, choice, incorporation of new actors, shaping and renewal of political identities, inventiveness" come to the fore during the transition period. Therefore, the "normal science methodology" is inappropriate in rapidly changing situations, where structural behavioral parameters of political action are insufficient to guide and predict the outcome.47

46 Obviously, there were seeds of splits between the conservatives and reformers over the future course of political change prior to the conservatives' attempt at liberalization. However, the divisions did not surface at the time because the reformers within the regime were still in the periphery of power. Moreover, the conservatives and reformers were very much preoccupied with the leadership succession. They, in fact, formed an informal alliance in ousting the old Kádár leadership. The divisions within the regime became visible after the inclusion of some leading figures of reformist faction into the party leadership (i.e., the Politburo and the Central Committee) and after the launching of liberalization. See László Kéri, 1990. "Pünkösdől lombhullásig" [From Pentecost to the Falling of Leaves], Társadalmi Szemle, no. 12, pp. 35-36.

47 They write: "Our way of recognizing the high degree of indeterminacy embedded in situations where unexpected events (fortuna), insufficient information, hurried and audacious choices, confusion about motives and interests, plasticity, and even indefiniteness of political identities, as well as the talents of specific individuals (virtus), are frequently
More specifically, once the transition begins, it is marked by constant interplays between various contending forces who themselves are likely to undergo significant changes in responding to the changing contexts. The political forces within the regime are divided into the hardliners and the softliners. While the former try to maintain the authoritarian nature of their power, the latter are willing to entertain the possibilities of political opening or even prepared to undertake the risk of democratization. The main divisions within the opposition are among the opportunistic elements, generally comprising former regime supporters who hope to gain something by their late opposition to authoritarian rule; the moderates who are committed to the installation of political democracy; and the maximalists (i.e., a radical "left") who are unwilling to negotiate with the regime and who are generally not committed to political democracy. In sum, due to the existence of recalcitrant actors both within and outside the regime, the making of democracy is very challenging. This is especially so given the core of hardliners (i.e., the military) often remains the stubborn source of attempted coups during and even after the transition.⁴⁸

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⁴⁸ O'Donnell and Schmitter, op. cit.
The transition also involves a crucial component of mobilization and organization of a large number of individuals. This "popular upsurge" has significant implications for the course of transition. That is, a high degree of popular mobilization might cause the hardliners' backlash during the transition. Especially when popular mobilization results in widespread violence, or threatens the military's institutional interest or the property rights underlying the capitalist economy, it might strengthen the hardliners' position within the regime and offer them a powerful motive for authoritarian regression. On the other hand, if a strong popular upsurge does not lead to restoration, it may play a role in pushing the transition beyond liberalization. 49

Now let me turn to the question of transitional outcome. O'Donnell and Schmitter's basic argument is that the development of the "norms of prudence" or of the "virtue of satisficing" among political actors is the necessary condition to enhance the chances of success of transition. Given the existence of veto group(s) and the possibly destabilizing effect of popular mobilization, democracy is by no means a foregone conclusion. From this it follows that pro-democratic forces must be prudent. O'Donnell and Schmitter asserts that a negotiated compromise among a select set of elites ultimately

49 Ibid., pp. 26-27; 54-56. However, O'Donnell and Schmitter seem to be more concerned with the possibly destabilizing effect of the popular upsurge, rather than its role in moving the transition toward democratization. They write: "An active and highly mobilized popular upsurge may be an efficacious instrument for bringing down a dictatorship but may make subsequent democratic consolidation difficult, and under some circumstances may provide an important motive for regression to an even more brutal form of authoritarian rule" (p. 65).
influences the outcome of transition. Specifically, O'Donnell and Schmitter suggest informal arrangements or explicit pacts which would include the establishment of the procedural rules of political democracy and the guarantees of vital interests of the potential veto groups (e.g. the military's institutional existence, assets, and hierarchy as well as the bourgeoisie's property rights, etc.).

They stress: "Pacts are not always likely or possible, but we are convinced that where they are a feature of transition, they are desirable -- that is, they enhanced the probability that the process will lead to a viable political democracy" (O'Donnell and Schmitter, p. 39). The importance of elite pacts has been noted in the study of transitions. See, for example, Jonathan Hartlyn, 1984. "Military Governments and the Transition to Civilian Rule: The Colombian Experience of 1957-1958," Journal of Interamerican Studies and World Affairs, vol. 26, pp. 245-81; Richard Gunther, Giacomo Sani, and Goldie Shabad, 1986. Spain After Franco: The Making of a Competitive Party System. Berkeley: University of California Press; Terry Lynn Karl, 1992. "El Salvador’s Negotiated Revolution," Foreign Affairs, vol. 71, pp. 147-64.

O'Donnell and Schmitter's conclusion evokes some criticism that the democracy that results from the pacts is economically and socially conservative. See, for example, Terry Lynn Karl, 1986. "Petroleum and Political Pacts: The Transition to Democracy in Venezuela," in O'Donnell, Schmitter, and Whitehead (eds.), Transitions from Authoritarian Rule: Latin America. Baltimore: The Johns Hopkins University Press. Karl notes: "A democracy by pact can institutionalize a conservative bias into the polity, creating a new status quo which can block further progress toward political, social, and economic democracy ... This is a logical outcome since pact-making among elites, often conducted in secrecy, represents the construction of democracy by antidemocratic means" (p. 198). See also idem, 1990. "Dilemmas of Democratization in Latin America," Comparative Politics, vol. 23, pp. 1-21. Similar to O'Donnell and Schmitter, Di Palma also argues that prudent strategic choice of political elites is the key component of the success of transition. The regime forces are divided into loyalists of the old dictatorship and forces seceding from the dictatorship. Opposition is also not a cohesive whole and is divided into democratic, uncommitted, and nondemocratic forces. In addition to these essentially conflicting political forces, the sudden revival of civil society makes the transition more complicated and volatile. According to Di Palma, therefore, what is required to turn these predicaments of transition in a democratic direction is "prudent conciliation" of political forces. He suggests that the idea of coexistence, a basic element of democracy, might become attractive to political actors. That is, under a system of coexistence, "none of its players should lose once and for all and on all arenas." As Di Palma admits, however, a bias for coexistence or a surge of "democratic sentiments"
O'Donnell and Schmitter's conclusion is very suggestive in light of the Hungarian case since the political pact between the forces within the regime and in the opposition ultimately paved the way for the establishment of democratic rule in Hungary. Their emphasis on the development of "norms of prudence" among pro-democratic forces is quite understandable, especially given the context where the military might pose a real or potential threat to the success of transition and a strong popular upsurge might provoke the cancellation of transition.

But what about Hungary's transitional context? The Hungarian case demonstrates that there was no major veto group in the course of transition. The regime forces were divided into the conservatives and the reformers within the Communist Party. The conservatives initiated a controlled opening of the political space without altering the existing power structure, and later tried to maintain the party's dominant position under the conditions of a multi-party system. Obviously, this group was not a pro-democratic force, but neither can it be regarded as composed of "hardliners" who could have canceled among political actors is not a characteristic feature of most transitions from authoritarianism. He maintains that "political crafting" will make coexistence more attractive and compelling, even to the recalcitrant political actors. According to him, a concrete constitutional choice (i.e., "garantismo"), the timing of transition, and several trade-off tactics (e.g. accommodating the business, labor, and state institutions including the military) will ultimately increase the chances of success of transition. See Di Palma, *op. cit.*, chapters 3-5.
the transition. And the conservatives' influence in the political arena drastically diminished as the power relations within the regime increasingly favored the reformers.

The major forces in the opposition were fragmented into the moderates and the radicals. While the former was willing to cooperate with the reformers within the regime, the latter rejected any kind of institutional guarantees and were less willing to make a compromise concerning the privileges of the ruling party. However, the radical segment of the Hungarian opposition was committed to political democracy and should not be regarded as an extreme opposition (i.e., recalcitrant "left" in O'Donnell and Schmitter's and Di Palma's cases) which is likely to refuse negotiations with the regime and to opt for a "maximalist" strategy.53

The Hungarian case also shows that there was a low degree of popular upsurge in the course of transition. Of course, the proliferation of independent organizations of

52 O'Donnell and Schmitter acknowledges that the hardliners may comprise several currents. There is an opportunistic group which is more concerned with its own survival and short-term interests, rather than with longer-term political projects. On the other hand, the main core of the hardliners believe that it has a "mission" to eliminate the "cancers" and "disorder" of democracy. The conservatives in the Hungarian case may be close to the first group of hardliners. It must be noted that the military, which was often the core of hardliners in the Latin American and Southern European cases, had no major role in the Hungarian transition. The Hungarian military was subjected to party control and did not show any disturbance in the course of transition. It, in fact, firmly supported the country's transition to democracy.

53 Przeworski classifies the contending forces during the transition by their risk aversion. According to him, the hardliners and the maximalists are "risk-insensitive"; the softliners and the moderates are "risk-averse." See Przeworski, 1986. op. cit. p. 54. However, the Hungarian case illustrates that the major political forces were risk-averse. The conservatives within the regime hardly considered authoritarian regression a viable option due to the various constraints they faced. The radicals of the opposition also showed a certain degree of moderation by not hampering the making of a political pact between the reformers within the regime and the moderates in the opposition.
society took place in the last months of 1988. However, the eruptions of mass movements and mass unrests (in O' Donnell and Schmitter's words, the "impression of disorder") which often accompany the transition and may provoke an authoritarian regression were almost absent in the course of Hungarian transition. There were two big mass mobilizations during the transition, i.e., the anniversary of the 1848 Revolution in the spring of 1989 and the ceremony of Imre Nagy's reburial in June 1989. It is in these events where an atomized society met itself in great masses. They were clearly important because the former occasion greatly contributed to the acceleration of unification process of the opposition, and the latter one facilitated, to a certain extent, the disintegration of conservative camp within the regime. However, they fell short of anti-regime demonstrations like those taking place in other East European countries, and cannot be regarded as a destabilizing element in Hungary's political transition.

Therefore, O'Donnell and Schmitter's main logic, i.e., from the predicaments peculiar to transition to the need for prudent conciliation by pro-democratic forces, does not apply to the Hungarian case. The Hungarian experience illustrates that the political elites played a disproportionate role in the making of democracy. It also proves the importance of the context within which elites' choices were made. As will be examined in the following, however, Hungary's transitional context is quite different from the one O'Donnell and Schmitter characterized.
3. Hungary’s Transition to Democracy

Some approaches to regime change reviewed here are insufficient to explain Hungary’s political transformation. As discussed earlier, there was little indication that the imperatives of modernization were bound up with the important political acts in the course of Hungary’s transition. A causal linkage between a loss of legitimacy within the elite and a high degree of mass eruptions has little relevance in the Hungarian case. The Soviet factor played a very limited role in the Hungarian political transition. The Hungarian case was an elite-driven transition, and in this sense the transition literature that highlights the elite variable as the most significant factor deserves some attention. As seen above, however, the main logic often assumed in the transition literature does not apply to the Hungarian case. In this section, an explanatory framework for Hungary’s political transition will be presented. It, then, will be followed by an account of data collection and the structure of the dissertation.

An Explanatory Framework

As mentioned at the outset of this chapter, the central argument of this dissertation research is that elites both within the regime and the opposition and their choices played the decisive role in the making of democracy in Hungary and that their choices cannot be separated from the specific context within which they were made. There were three most important political decisions made by the main political actors in the course of Hungary’s transition, i.e., the project of limited liberalization, the project of limited democratization, and the establishment of a political pact.
To understand the background against which limited liberalization was launched, it is necessary to analyze the features of the ancien regime and its contradictions, and in this regard, the discussion of legitimacy is quite relevant. The Kádár regime hardly attempted to rule through ideological legitimation. Rather, it deliberately sought the economic route to legitimacy. Thus, it has been commonly argued that there was an implicit "social contract," in which the Kádár regime offered the promise of material incentives and consumer satisfaction in exchange for the acquiescence of the population. The success of so-called "Kádárism" brought a considerable improvement in Hungary's standard of living, and the Kádár regime was considered to be the most popularly accepted communist regime in Eastern Europe.

Much-heralded Kádárism, however, began to falter once the country's economic difficulties deepened. Since the mid-1980s, the Hungarian economy had entered a period of rapid decline. All indicators of the health of the economy went into the red, and by the summer of 1987, the party leadership had no choice but to adopt a tough economic stabilization program which featured unprecedented austerity measures that imposed immediate sacrifice on the population. At the same time, the reformist group within the party played an important role in undermining Kádárism. Under the deteriorating economic conditions and the changing external environment (i.e., Gorbachev's reformism in the Soviet Union), this group of reformist intellectuals, which had tacitly supported party policy, now began to openly challenge the Kádárist legitimation tactic by promoting an alternative legitimizing mechanism based on more institutionalized pluralism.
The fall of Kádárism, in turn, produced important political changes both within the regime and in society, thereby setting the stage for the opening of political arena. First, since the autumn of 1987, hitherto docile political opponents to the regime had stepped into the hitherto unauthorized area by establishing independent organizations outside the official organizational framework. Second, the failure of the Kádár legitimization tactic resulted in the party's leadership succession in the spring of 1988, in which an aging Kádár leadership was replaced by a younger generation of political leaders. The post-Kádár leadership (dominated by a group of conservative party politicians) tried to resolve the problem of legitimation in the period of tough economic stabilization by introducing some political reform measures. This signaled the launching of a limited liberalization.

The party conservatives' attempt at liberalization which would not endanger one-party rule, however, was soon frustrated and resulted in a limited democratization. Why? First, serious conflicts between the conservatives and reformers within the party over the scope and direction of political reform (especially the disputes over the fate of independent organizations and later over the issue of one-party vs. multi-party system) virtually paralyzed the conservatives' ability to direct the course of political change. Second, in the midst of schisms within the regime, the proliferation of independent political organizations took place. And by the end of 1988, a de facto multi-party situation evolved within the official framework of one-party system.

Consequently, due to the deepening of divisions within the regime and the surge of independent political organizations of society, the party conservatives' liberalization attempt could no longer be a viable project, and now they had to confront the choice of
restoration or launching of democratization. The conservatives opted for the latter, albeit limited in its scope. Why? They came to realize that any attempt at restoration (e.g. punishing the reformers and/or repressing the opposition) would be too costly under the severe economic and political constraints they faced. On the other hand, the conservatives calculated that, if they controlled the process of democratization by firmly shaping its steps and tempo, they could salvage as much power as possible even under the conditions of a multi-party system. In short, for the conservatives, limited democratization was perceived to be less costly than repressive solution.\footnote{Przeworski poses a critical question: why and how does what begins as a project of liberalization result in democratization? See Przeworski, 1991b, \textit{op. cit.}, pp.57-66. In what follows, I will investigate whether Przeworski's explanation is applicable to the Hungarian case.}

\begin{enumerate}
\item Przeworski's first explanation assumes that the liberalizers are ready to proceed to democratization from the beginning, but deliberately deceive the hardliners while sending correct signals to society. Hardliners agree to liberalize because they are mistaken about liberalizers' true intentions. When society organizes, the hardliners believe that the outcome of liberalization will be restoration via repression. But given the true preference of liberalizers, the result is democratization. As Przeworski admitted, however, it is highly questionable whether this scenario is empirically plausible.
\item The second explanation assumes that the liberalizers prefer restoration to democratization (hardliners have no role in this scenario). When liberalization is launched, however, the society organizes because it mistakenly assumes that the liberalizers will not opt for repression. As the liberalizers observe the surge of autonomous organizations and the eruption of mass movements, they come to realize that repression is unlikely to succeed. Thus, they change their preferences and the outcome is democratization. However, even in those cases, where there is a low degree of popular mobilization (implying that repression is likely to succeed), repression might not be regarded as a viable option due to other constraints or considerations. The Hungarian case clearly demonstrates that the launching of democratization was not necessarily related to the degree of mass involvement and the likelihood of success of repression.
\item The third explanation is that the liberalizers learn that the opposition is not as menacing as they had thought at the beginning, and thus they proceed to democratization. Przeworski exemplified the Polish case. In the course of negotiations between the regime and Solidarity, personal contacts became established, and the regime leaders realized that...}

\end{enumerate}
decision in February 1989, in which the principle of a multi-party system was endorsed, marked the beginning of limited democratization.

This decision proved to be the most critical threshold in Hungary’s transition to democracy because it clearly signaled to political forces both within the regime and in the opposition that political changes beyond the existing power structure would occur, thereby provoking the development of whole new dynamics both within the regime and in the opposition, and between them. The party conservatives initially attempted to divide and marginalize the opposition by coopting some into power and excluding others from the political arena. When this tactic did not yield any immediate result, the conservatives attempted to emulate the Polish type of negotiated transition. By framing the negotiations with the opposition in such a way that the conservatives would determine the participants, their role, and the subjects of negotiations, they intended to impose the semi-democratic

the opposition was even willing to cooperate with the regime. As a result of negotiations, the Jaruzelski camp jettisoned a repressive option and decided to proceed to democratization. But the immediate question is why the Polish regime decided to negotiate with the opposition. The reason may be that the regime already realized before the negotiations that repression was not a viable option.

(4) The fourth explanation assumes that the regime is forced to liberalize and the liberalizers are irrational. In this case, the liberalizers are likely to be convinced that their project of liberalization or even democratization will be successful. However, the Hungarian (and the Polish) case shows that what often triggers democratization was not the political actors' irrationality but their miscalculations. When faced with the choice between restoration and democratization, both the Polish and Hungarian regimes opted for the latter, albeit limited in its scope. Why? Part of the reason was that the leaders of both regimes calculated that, if they tightly controlled the process of democratization, they would not have much to lose even in a democracy. In Hungary, the party conservatives' calculations relied mainly on a weak and fragmented opposition. In Poland, the regime and Solidarity agreed to specific institutional arrangements that would guarantee the dominant position of the Communist Party. Their calculations proved wrong, but this does not necessarily mean that they were irrational.
solution that would guarantee the dominant position of the Communist Party in the
prospective multi-party system.

However, the conservatives' project of limited democratization failed and evolved
into the establishment of a political pact between the party reformers and the moderate
opposition. Why? First, the united opposition played an important role in causing the
major setback in the conservatives' vision of a controlled transition. Due to the united
stance of the opposition that rejected the conservatives' attempt at a "paternalistic"
framing of negotiations as well as any kind of compromised institutional guarantees, the
conservatives were forced to retreat and made heavy concessions to the opposition.
Second, the changing power balance in favor of reformers within the party leadership
virtually nullified the conservatives' attempt at limited democratization. The impetus for
the shift in the balance of power came from below within the party. The "reform circles,"
which were organized within the party's local branches throughout the country, openly
criticized the conservatives' negotiation tactics against the opposition and their idea of
compromised institutional guarantees. The strengthening of reform forces within the party
was accompanied by a rapid disintegration of the conservative forces. The resulting
ascendancy of the reformers within the party leadership, who were already committed to
the idea of electoral legitimation, meant that the conservatives' project of limited
democratization would no longer be valid.

Although both the Communist Party (now controlled by the reformers) and the
opposition agreed to the principle of open electoral competition, there emerged some
contentious issues (i.e., the issue of Presidency and some issues related to the privileges of
the Communist Party) in the course of negotiations between the regime and the opposition concerning the country's transition to a multi-party democracy. The coincidence of interests between the party reformers and the moderate wing of the opposition prompted them to opt for a compromise on the disputed issues and to reach a political agreement. The resulting pact between the reformers within the regime and the moderates in the opposition, which established the political and legal conditions for the peaceful transition to a multi-party system, paved the way for the advent of democracy in Hungary (see Figure 1.1).
Figure 1.1 A Schematic Presentation of Explanatory Framework
Data and Structure of the Study

Data for this research were mainly collected from written materials. I make extensive use of primary sources.\textsuperscript{55} They include Hungarian newspapers (e.g. \textit{Népszabadság, Magyar Nemzet, Magyar Hírlap}, etc.), books, selected journals, and party documents. I also make use of a respected secondary source, Foreign Broadcast Information Service (FBIS) -- primarily the translations of Hungarian radio and television programs. Additional information was also obtained from personal interviews conducted in Budapest between early June and late July of 1991. The interviewees include some leading figures of the former Communist Party and of the former opposition, as well as some political analysts. These interviews provide some valuable inside stories, thereby contributing to the construction of a more complete picture of Hungary’s transition.

The dissertation is divided into three main chapters. Chapter II examines the features and the contradictions of the ancien regime, focusing on the legitimizing formula of the Kádár regime, i.e., "Kádárism." This chapter gives a brief account of the political history of Hungary after World War II, especially the evolution of the Communist Party until the Revolution of 1956. It is then followed by the analysis of the rise and fall of Kádárism.

In Chapter III, I first explore the political consequences of the collapse of Kádárism, i.e., the emergence of independent organizations of society and the leadership

\textsuperscript{55} Hungarian belongs to the Finno-Ugrian family of languages and differs in both grammatical structure and vocabulary from other European languages. I initially acquired the elements of general grammatical knowledge through self-study. I also got tutoring from a native Hungarian for nearly a year, which helped me consolidate my knowledge of Hungarian.
succession in the Communist Party. This is followed by the analysis of the opening of the political arena: how and why the post-Kádár regime's attempt at limited liberalization faltered and resulted in its decision to accept the principle of a multi-party system. Here, the focus is on the role of divisions within the regime and of autonomous organizations in the process of political opening.

Chapter IV investigates the ensuing transition process, i.e., from limited democratization to free parliamentary elections of 1990. In this chapter, I attempt to show why and how the regime's project of limited democratization failed and eventually led to the advent of democracy. In order to explain this, I analyze the strategic interactions between the conservative faction within the regime and the united opposition, the major shift in the configuration of power within the regime, and the establishment of a political pact between the reformist faction within the regime and the moderate segment of the opposition. Finally, the profile of major parties in the election race, as well as its results, are reported. The concluding chapter recapitulates the whole transition process and discusses some important theoretical issues raised in this study.
Chapter II

Kádárism: Its Successes and Failures

1. Introduction

The purpose of this chapter is to analyze the features and the contradictions of the ancien regime, focusing on the legitimizing mechanism of the Kádár regime, i.e., so-called "Kádárism." This is crucial in understanding the background against which Hungary's political transition unfolded. Kádárism was essentially a working compromise between the regime and society, which arose out of the national trauma of 1956 and was reinforced by Kádár's own political outlook. Its claim to legitimacy was based on material accomplishments, i.e., "goulash communism" [gulyás kommunizmus].

Kádár's Hungary knew a measure of economic success. Although this was relative, it was nevertheless an indisputable improvement both over the past and over most other countries in Eastern Europe. Kádár's authority went unchallenged and the ruling party continued its policy of toleration toward weak oppositional trends that were confined to a few samizdat groups and were unable to attract the masses. Therefore, the Kádár regime had been able to govern the country without spectacular ups and downs, and since the 1960s there had been few upheavals worth mentioning. However, this climate of relative social and political stability suddenly changed in the mid-1980s and the
regime began to encounter an acute crisis of confidence. The crisis of Kádáristism began with the accelerating economic deterioration, and by the summer of 1987 the party leadership had no choice but to adopt a tough economic stabilization program which featured severe austerity measures that imposed immediate sacrifice on the population (e.g. the introduction of personal income and value-added taxes, price hikes, unemployment, etc.). This had the effect of virtually destroying the very basis of Kádárist legitimacy. The Kádárist strategy of legitimation was also greatly challenged by the reformist group within the regime, which criticized the shortcomings of the political system and began to advocate an alternative legitimizing formula via the introduction of radical political reform. The failure of Kádáristism prepared the ground for Hungary's forthcoming political transformation.

2. Antecedents

At the end of the World War II, Hungary was a country out on a limb. Hungary's participation on the side of Germany forced it to pay a high price. In addition to the losses in human lives (about 5% of the population) Hungary suffered during the war, 20% of the capital invested in agriculture, more than 50% of Hungary's transport stock and more than 45% of its industrial machinery were destroyed, over and above the total or partial destruction of more than a quarter of the capital's housing stock. All in all, about 40% of Hungary's assets had vanished. Although the Soviet Union agreed to substantial
reductions in the costs of reparations to the Allies, the overall weight of the damages to be paid pushed devastated Hungary to the very limits.¹

The Emergence of a Totalitarian State

In 1945, when the Communist Party tried to present itself as a national movement fit to govern the country, it lacked a strong social basis, consisting of a just a handful of people led by a "Muscovite" team, together with a vastly reduced group of "home-based" militants who had emerged from 25 years of clandestine existence. At the national elections of November 1945, the Communist Party attracted only 17% of the votes, coming third after the Smallholders' Party, a clear victor with 57% of the votes, and the Social Democratic Party with 18% of the votes.² Three years after the elections, the Communist Party seized sole power. The rise of the Communist Party can be explained by two interrelated factors.

The presence of the Red Army and Soviet determination to bring Hungary into the Soviet camp were the crucial factors in enabling the communists to seize power. As a defeated country, Hungary had been placed under the supreme authority of the Allied Control Commission presided over by Marshal Voroshilov. That presence alone ensured that the Communist Party was unassailable. At the same time, the communist seizure of power was largely due to the skillful political maneuvers of the Communist Party which,


enjoying the strength afforded by Soviet support, cut back its opponents "slice by slice," following the time-honored tactics of "divide and conquer."

Following the 1945 elections, the Smallholders' Party could have formed a government on its own. But due to the pressures by the Soviets, the coalition, including the Social Democratic Party, the Communist Party, and the National Peasant Party, was consequently preserved. Once joined in a coalition, the Communist Party launched an attack on the "Right" by means of concerted political campaigns and several large police operations (often backed by the Soviets), resulting in the arrests of leaders of the Smallholders' Party (e.g. Secretary-General Béla Kovács, then Prime Minister Ferenc Nagy, etc.) and the departure of its numerous deputy members. When the gradual destruction of the Smallholders' Party took place, the Social Democratic Party became the communists' next target. The Social Democratic Party proved incapable of resisting the communists' pressure and intimidation for the merger of two parties. It finally gave in and voted for union in June 1948 at a congress held at the same time as that of the Communist Party. Consequently a new party was formed, and between then and the events of 1956, it bore the name of the Hungarian Workers' Party (Magyar Dolgozók Pártja, MDP).³

Virtually in absolute control, the MDP began to adopt an openly Stalinist line, i.e., mass arrests and purges, forced industrialization projects, and the collectivization of agriculture. In the process of Stalinization, the MDP's General Secretary Mátyás Rákosi became the object of fulsome praise: "When we say Rákosi, we mean the Hungarian

³ Ibid. pp. 30-32.
The long series of purges was launched in 1949 with the show trial of communist Foreign Minister László Rajk, who was accused of spying for Western intelligence and conspiring with Tito to murder Rákosi. It was obviously directed from Moscow and was handled by Hungary's secret police. The 1949 show trial signaled a beginning of a devastating series of high-level purges and low-level expulsions. In early 1950 the purge hit over four thousand former Social Democrats. In the spring of 1951, the bulk of the prewar generation of home communists was arrested on the usual charges of treason and espionage (including Kádár who was sentenced to four years' imprisonment). Purges and mass arrests in fact were extended to every field: party, army, public services, education, literature, economic affairs, and agriculture. According to one account, 650,000 persons had been brought to trial and 387,000 were executed or imprisoned between 1950 and May 1953.4

The new nationalization measures introduced after the MDP's seizure of total power had led to a general collapse of capitalism. In March 1948, the government had decreed the state control of all enterprises employing more than a hundred workers. The affected enterprises were taken over by specially selected communist activists and manual workers whose lack of managerial expertise was overshadowed by their political

reliability. In any case, thanks to this one measure, 84% of all industrial workers passed into the state sector. The credit policy favoring this sector accelerated the nationalization process until the hold of the state over the economy became absolute.\(^5\)

The objective of industrialization was to turn Hungary into a "country of iron and steel." This was required by the imperatives of the Soviet autarkic model and by Stalin's "war economy." The five-year plan's (1950-54) original target, already illusory, of raising heavy industry's output by 204% was increased to a 380% at the time of the MDP's second congress in 1951. Production was urged by labor competition, "voluntary" overtime, and discipline from above. While the regime could claim a dramatic expansion of the industrial sector and a state of full employment, Hungary's industrialization (especially in heavy industry) was undermined by unproductive investments, inadequate maintenance, and the stockpiling of inferior products; it also led to a severe distortion in Hungary's economic structure in terms of its natural endowments. As a result of an overemphasis on heavy industry, the production of consumer goods remained drastically reduced. People had to queue for consumer goods of every type. Not surprisingly, the standard of living declined from its already low level. In fact, the per capita income of workers fell by 18% between 1949 and 1952.\(^6\)

The collectivization of agriculture was to have even more catastrophic consequences. The collectivization in Hungary was accelerated by Stalin's warning that the


discrepancy between socialized industry and private farming was intolerable. The number of collective farms rose from 500 in 1949 to more than 5,000 in 1953, their total area from 39,000 to almost 1.2 million hectares. Correspondingly, the membership of the collective farms rose from 13,000 in 1949 to 376,000 in 1953. But with political considerations taking precedence over economic rationality, the process of collectivization went badly in many respects. One important problem was that the most experienced peasants -- those "kulaks" who owned more than 15 hectares of land -- were crushed by taxes and often arrested or forced off the land. Moreover, even those described as middle peasants, who owned about 10 hectares of land, were subjected to the same punitive fiscal measures and system of forced deliveries. In short, the most capable peasants were persecuted and penalized. No wonder these repressive measures contributed to a decline in agricultural production to below prewar levels, converting Hungary from an exporter to a net importer of grain in 1952. Thus, the battle for socialism in the countryside ended in almost total failure.7

The "official ideology" also served the Stalinist dictatorship in Hungary. On an abstract level, it represented of course the Stalinist version of Marxism-Leninism. As such, it was designed to be absorbed into every individual's consciousness. It provided the authoritative justification for the party's possession and exercise of power. It provided criteria for the most minute aspects of political, economic, social, and cultural life. It

7 Ibid., pp. 200-2.
excluded all competing values (especially individualism and spontaneity), and intended to create a synthetic consensus and uniformity.\textsuperscript{8}

In sum, the Stalinist phase saw the MDP waste what little popularity it had managed to acquire in the immediate postwar period. Historically, Hungarians had been unreceptive to ideologies lacking a national foundation. The imposition of an alien dogma by the Soviets and communists was therefore bound to be poorly received. Nevertheless, given the catastrophic domestic conditions after the war, a genuine improvement in the standard of living might have provided a certain degree of respect for the regime. Instead, what the communist leadership offered was harsh oppression and material hardship, which alienated the very masses whose vanguard the party claimed to be.\textsuperscript{9}

Imre Nagy's "New Course"

Following Stalin's death in March 1953, the signals for change came from Moscow. In June 1953, the new Soviet leaders ordered Rákosi, Hungary's "Little Stalin" for many years, to relinquish his premiership to Politburo member Imre Nagy to reconstruct the party leadership and to draft a new political and economic program.

\textsuperscript{8} Váli, \textit{op. cit.}, pp. 51-54.

\textsuperscript{9} See Imre Nagy, 1957. \textit{On Communism: In Defense of the New Course}. New York: Preager Publishers. The book was written in 1955 and 1956 after Nagy had been ousted from his position as Prime Minister and expelled from the party. Here he reflected on the Stalinist period in Hungary as follows: "The left-wing deviationists, primarily Rákosi and Gerő, in the years 1949 to 1953 brought the socialist reorganization of agriculture to a dead end, bankrupted agricultural production, destroyed the worker-peasant alliance, trampled upon the rule of law, debased the people's living standards, established a rift between the masses and the party and government -- in other words, swept the country toward catastrophe" (p. 144).
Nagy’s new policy (often referred as the “June resolution”) was officially adopted by the MDP’s Central Committee and was made public by Nagy himself at the National Assembly in July 1953. According to the resolution, the sectarian policies of previous years had sought to force too rapid a pace of industrialization on Hungary without regard for either the country’s real situation and resources, or the needs of the working people. It also saw the origin of past faults in lack of collective leadership within the party, and its substitution by the cult of personality and the leadership’s consequent separation from the masses.

For the correction of these faults, the new program recommended (I) a significant slowing down in the pace of development of heavy industry, with a greater emphasis on light industry and food production; a substantial increase in agricultural investments, a slow down in collectivization, and assistance to independent small farmings; (ii) a constant raising of the living standard of the working people; and (iii) a collective leadership, an intra-party democracy, a restoration of legality, a review of the cases of political prisoners and deportees, and a greater role in public life for the government, the Parliament, and local councils.10

After the terrible years of arbitrary rule, the program put forward by Prime Minister Nagy arose new hope for a better future and enthusiasm among the population. Thus Nagy’s ”New Course” and the era of reform were born. In January 1954, Nagy presented the National Assembly with an account of his six months in office. Prices had fallen by 13.3%, the productivity of both private and collective farms had improved, 8,000

tradesmen had been given permission to reopen their workshops, and the internment and labor camps had been abolished. Nagy also announced a rise in the standard of living and the resumption of economic relations with capitalist countries. But the fate of Nagy's reformism largely depended on the balance of power within the party between Nagy's supporters (the party intellectuals -- mostly revisionist writers and journalists -- and ordinary party members) and Rákosi's supporters (the central party apparats), as well as on the outcome of the power struggle in Moscow.

For example, Nagy's economic policy aimed at satisfying consumer demands was often sabotaged at the stage of implementation, and later challenged in mid-1954 by the Economic Policy Committee's proposal for major cuts in wages and social benefits, and for higher taxation. Nagy's attempt to restore the credibility of the legal system through open investigation of previous charges and rehabilitation also had to confront the continued resistance of the Rákosi force. In July 1953 amnesty was proclaimed for those on short sentences, and several hundred communists were released during the summer of 1954 (Kádár was released in July 1954 and returned to the party). But many political prisoners (especially the non-communists) were not affected by the amnesty measures. Another disputed matter between Nagy's and Rákosi's supporters was about the problem of decentralization of power. Recognizing the need of the population's active participation


12 Váli, op. cit., p. 134.

13 Ibid., pp. 144-46.
in the nation's affairs (and of course the need of his own support base among the masses), Nagy in the summer of 1954 proposed to revive the People's Independence Front under the name of Patriotic People's Front, and to include both individual membership and mass organizations in it. But the Politburo dominated by the Rákosi force, fearing the curtailment of the party's power, decided to allow only organizational membership.\textsuperscript{14}

In the autumn of 1954, Nagy, who was increasingly frustrated by his opponents' obstruction, launched an attack on behalf of the "New Course" against the old regime. In the Central Committee meeting of October 1-3, Nagy proclaimed that the only right and acceptable way of "socialist building" was the raising of the standard of living and the continued improvement of the material, cultural, and social conditions of the population.\textsuperscript{15}

In an article in the party daily, Nagy also put his arguments to the country at large.\textsuperscript{16} Here Nagy sharply attacked the "leftist" resistance, arguing that considerable forces within the party leadership and state and economic organizations hindered the success of the policies of the "June Resolution." According to him, the main danger lay in the fact that the party lagged behind the political activity of the masses and the rapid pace

\textsuperscript{14} \textit{Ibid.}, pp. 124-27.

\textsuperscript{15} Nagy said: "What kind of socialism would it be, one which cannot guarantee the steadily increasing quantity of foods for population? Who would be enthusiastic about socialism that cannot give meat, milk, and bacon? ... Owing to the old economic policies, socialism was totally misinterpreted. It did not take into account the people and society, thus the concept of socialism was reduced to the maximum increase of iron and steel production and hyper-industrialization. This is not socialism " (Quoted in Balogh, \textit{op. cit.}, p. 24).

\textsuperscript{16} Imre Nagy, "A Központi Vezetőség ülése után" [After the Central Committee Meeting], \textit{Szabad Nép}, October 21, 1954, quoted in \textit{ibid}, p. 25.
of political life. Turning his attention to the question of political rehabilitation, Nagy demanded the release from prison of "all who are not guilty," and stated categorically that the crimes inflicted on innocent people in the past should never be repeated. He also called for the establishment of the leading political and moral role of the Patriotic People’s Front. Nagy's article caused a great reaction especially among the intellectuals, and political life became more lively in the autumn of 1954. Intellectual gatherings came one after another, and lively inquiry on social and political problems appeared in the circle of writers and journalists, which was often accompanied by strong criticism against the Rákosi group.

In response to reformers' attack, the Rákosi clique began to promote a campaign that a hostile "right-wing" wave was sweeping the country. At the meeting of the Politburo on December 1, Rákosi argued that the deterioration of the political situation had been the result of the weakening role of the party, caused in part by the overemphasis laid on the PPF and in part by the unceasing criticism of the party after the "June resolution." According to him, Nagy was responsible for the mistakes because he continued to represent the incorrect views on the socialist reorganization of agriculture. For Rákosi, such "national unity" as was supported by a "part" of the peasants, who believed that socialism would not be built in the villages, was worthless. In preparation of the PPF, Nagy made another mistake by creating the illusion that the PPF was the leading political force in Hungary, and that the emphasis was on national traditions rather than on socialism. Disagreeing with Nagy's view that the MDP fell behind the activity of the
masses, Rákosi warned that the main danger was the "rightist" advance, nationalism, as well as anti-Soviet sentiment among the journalists, writers, and university students.\textsuperscript{17}

The fatal blow to Nagy and his reformism, however, came from Moscow. At a meeting between the Hungarian party delegation (including Nagy and Rákosi) and the Soviet party Presidium in January 1955, Nagy was severely criticized for promoting factionalism and popular opposition, for denigrating the leading role of the party, and for chauvinism. Owing to a temporary hardening of the Moscow line and especially after the forced resignation of Malenkov as Prime Minister, of whom Nagy was regarded as a protégé, Rákosi seized the opportunity of getting rid of Nagy. Nagy's removal was decided at the Central Committee meeting on April 15. The Central Committee accused Nagy of neglecting the leading role of the party and trying to set the PPF against the party, and of adopting "un-partylike, anti-party, and factionalist methods" to realize the "rightist" opportunistic policy. Four days after the meeting, the Parliament relieved Nagy of the Premiership (Nagy was expelled from the party in December 1955).\textsuperscript{18}

\textbf{The Revolution of 1956}

Rákosi managed to return to undivided dictatorial power, but his rule could not bring about the reimposition of the status quo. Once again the signs of change came from Moscow. Once strengthened in power, Khrushchev began to pursue political relaxation and decentralization, and "peaceful coexistence" with Tito and the West. And his famous

\textsuperscript{17} Balogh, \textit{op. cit.}, pp. 27-29.

\textsuperscript{18} Váli, \textit{op. cit.}, pp. 157-58, 164-65; Balogh, \textit{op. cit.}, pp. 30-33.
denunciation of Stalin at the Twentieth Party Congress in February 1956 precipitated Rákosi's downfall. The Twentieth Congress had sparked off a wave of protests in the spring of 1956 that rapidly acquired the dimension of a national campaign for de-Stalinization. The journalists in the party daily Szabad Nép, the writers around literary journal Irodalmi Újság, the debating club Petőfi Circle, and the university students played an important role in this struggle for change. The party itself was in turmoil. The unexpected development of events had undermined party discipline and paralyzed the apparat. The party leadership was also in disarray, and Rákosi was increasingly isolated from his close associates. He was eventually replaced in July on the Kremlin's order by Ernő Gerő.19

The change in leadership, however, scarcely improved party morale and fell far short of popular expectation. Gerő was closely associated with the Stalinist years and was as detested as Rákosi. His appointment only served to increase the rise of popular dissent, and to strengthen the conviction that there would be no real change without a fundamental break with the past. The new leadership tried to adopt a more liberal line but was left behind by the momentum of dissent. The revisionism of the intellectuals and students progressed from demands for the rehabilitation of Rajk and Nagy's return to power to demands for the evacuation of Soviet forces. Demonstrations on October 23 turned out to be a direct prelude to revolution.20 By evening, the radio station was besieged and the

19 Váli, op. cit., pp. 211-14, 225-32.

20 The Hungarian Revolution has been exhaustively described and analyzed. What follows is a very brief account of important events during the period of revolution. See, for example, Tibor Méray, 1958. Thirteen Days that Shook the World. London: Thames
giant Stalin memorial torn down. What had started as an internal party conflict and an opposition movement among the intellectuals and students transformed itself into a national uprising. The first Soviet military intervention was limited and ended inconclusively. On October 25 Gerő was replaced by Kádár, and Nagy assumed the Premiership. The Central Committee announced its abdication on October 28 and was replaced by a six-member Presidium. But this caretaker Presidium was a leader without troops. And the people now no longer wanted a reformist leadership in charge of a hated and discredited party, but freedom, democracy, and independence. Nagy's government became increasingly the target of nationwide pressures for more radical change. On October 30, Nagy, under enormous pressure from below, announced the dissolution of the one-party system and the formation of a coalition government (including three communists, three Smallholders, three Social Democrats, and two from the National Peasant Party). He also announced that negotiations for the withdrawal of Soviet forces from Hungary were in hand. Nagy went on to proclaim in his address on October 31, "today is the first day of our sovereignty and independence."

On November 1, when Soviet divisions were streaming into Hungary despite all assurances to the contrary, Nagy declared Hungarian neutrality and withdrawal from the Warsaw Pact. He also notified UN Secretary-General of his protests at the Soviet troop movements and of Hungary's formal abrogation of membership in the Warsaw Pact, asking the West for recognition and protection of Hungary's neutrality. But the Western

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powers at the time were preoccupied with the Suez crisis, and in the West the Hungarian Revolution was observed only with sympathy. In the meantime, on the same day Kádár, who initially endorsed Nagy's decision, disappeared from Budapest. Three days later, Soviet troops entered Budapest and swiftly crushed the Hungarian Revolution and overthrew the government of Nagy by force. According to the official party line, the Soviet intervention took place in response to a call for help from the "Revolutionary Worker-Peasant Government" formed on November 3 outside Budapest under the leadership of Kádár.

A period of thirteen days of revolution thus saw the transformation of Hungary from an eroded totalitarianism to an embryonic pluralist democracy and back to Soviet hegemony and communist dictatorship. Above all, the Hungarians struggled for independence, but the general objectives of revolution included a pluralistic democracy, some form of mixed economy, and the guarantee of basic human rights. Without losing sight of the mass involvement in the revolution, it was obvious, however, that the crisis of 1956 was sparked off by the process of dissolution within the ruling party more than by anything else. Most importantly, the monolithic image of a party equipped with an unassailable ideology had been shattered by the revisionist surge. The protracted revisionist-dogmatist debates and consequent division within the party elite undermined party discipline and paralyzed the apparatus. With only the remnants of the secret police to defend its rule, the party rapidly disintegrated. Without Soviet intervention, the Communist Party would have been relegated to a minor political role.
3. The Nature of Kádárism

When János Kádár, as head of the party and government imposed by Soviet tanks, returned to Budapest following the violent suppression of the revolution in November 1956, the gap that yawned between the Hungarian people and the regime was perhaps the greatest ever in Hungary's recent history. The immediate popular verdict was devastating: Kádár had betrayed his country. He had to start all over again to reconstruct the party and to restore its authority in the least propitious circumstances. The newly-founded Hungarian Socialist Workers' Party (Magyar Szocialista Munkáspárt, MSzMP), which emerged on the ruins of the old MDP, was to have great difficulties in imposing itself as the leading political force. This was clearly reflected in its minuscule membership: by the end of December 1956, the MSzMP had attracted no more than 50,000 members, while the old party had counted some 860,000 members before the October events.21

How did a man once seen as a symbol of treachery in the eyes of the Hungarian population come to be regarded as the most popular leader of any ruling communist party, recognized and respected even by convinced opponents and critics of the system he represented? At the start Kádár sought a reconciliation with the people, and aspired to establish his regime through a consolidation to be achieved by incorporating some of the aims of the revolution. He sought to reach a compromise with Nagy and his supporters who had taken refuge in the Yugoslav Embassy, to win the cooperation of leading figures from the non-communist political parties, and to gain the support of the workers'

representatives in the workers' councils. Whether it was sincere or merely tactical, however, Kádár's conciliatory initiative was soon undermined by the lack of social support and by the Kremlin's demands to take sterner measures in order to reestablish its authority. The then impotent Kádár regime had no choice but to resort to measures of repression and terror.22

On January 5, 1957, Kádár issued a statement that for the first time accused Nagy of "treachery," and declared the regime's commitment to the final defeat of what was now unambiguously referred to as the "counterrevolution." The years 1957 to 1960 saw the liquidation of the remnants of the revolutionary forces, which was culminated by the executions of Nagy and his colleagues in June 1958. During this period, all the organizations stemming from the revolution -- the political parties, revolutionary committees, workers' councils, writers' and intellectuals' organizations -- had either been disbanded or deprived of their powers, and almost all the important political figures of the revolution had either fled to West or been arrested.23

By the determined use of force, the Kádár regime had thus succeeded in bringing about the pacification of the country, but it had in no sense won any degree of consent from the people. Therefore, once repression had served the short-term purpose of political consolidation, the Kádár regime quickly set out in the early 1960s on a deliberate effort to establish a modus vivendi with Hungarian society in pursuit of obtaining long-term legitimacy. The ensuing quest for reconciliation with society was symbolized in

22 Váli, op. cit., pp. 386-90.
23 Ibid., pp. 392-98.
Kádár's famous declaration that "who is not against us is with us," and the resulting compromise between the regime and society came to be known as "Kádárist." The revolution of 1956 had proved to be the most significant factor in the evolution of so-called "Kádárist." The collapse of the Communist Party was as much of a trauma for the elite as the defeated revolution was for the population. Both parties recognized that they had to operate within certain political limits to ensure the survival of the Hungarian polity -- this "tacit" agreement on the survival of the Hungarian polity being the essential common ground between the two.

The "lessons" of that event were clear to all concerned. On the part of the population, the demands for national independence and the dismantling of the one-party state were now recognized as unattainable under the existing geopolitical conditions. On the other hand, the lesson drawn by the regime was that the methods of the Stalinist period -- mass terror, forced industrialization, high mobilization, the cult of the leader, ideological orthodoxy, and so on -- were highly counterproductive. Consequently, the regime recognized the need for new governing methods in order to solve its legitimacy dilemmas and to build a new political equilibrium. The Kádár regime realized that the satisfaction of consumer needs as well as the improvement of living standards would be of vital importance to its own survival. It demanded no more than passive acceptance of communist rule. In return, the regime was prepared to make far-reaching economic


concessions to society that would go far beyond anything tolerated elsewhere in Eastern Europe. Marxist idealism continued to be affirmed ritually, but the role of ideology in the regime's legitimation almost disappeared.26

**The Economic Concessions**

The Kádár regime deliberately chose the economic route to legitimacy. Economic reform thus became the centerpiece of this strategy. Underlying the reforms were the ideas of the team of economic experts headed by Rezső Nyers, then the Central Committee Secretary in charge of economy. Between 1964 and 1966, Nyers and his team elaborated the economic reform program, and this was approved by the Central Committee in May 1966. The essence of the reform program was the recognition that the economy had to move from a period of "extensive" development based on the quantitative source of growth to one of "intensive" development that would give priority to the increase of productivity and efficiency.27

The resulting New Economic Mechanism (NEM) was launched on schedule in 1968. The general thrusts of the NEM were in the direction of decentralizing economic


27 The Central Committee in May 1966 made this point clear: "The reform is justified by economic and political reasons. Its economic necessity is rooted, in the final analysis, in the fact that important sources and reserves of past economic growth have been largely exhausted. In the future, the possibility of fast growth is contingent upon the more intensive exploitation of the internal reserves of the economy and the acceleration of technical progress." *Népszabadság*, May 29, 1966, quoted in Sándor Kopátsy, 1989. *Húsz év után* [After Twenty Years]. Budapest: Pénzügykutató Rt., p. 11.
decision-making and developing market relations. Under the NEM, planning targets lost their compulsory character and were allowed to be revised as needed to facilitate flexible adaptation to unforeseen events. It also limited the role of central planning to setting the main national economic objectives and to the decisions of large investments and certain high-priority sectors (including those that fulfilled major CMEA obligations). Otherwise, the NEM replaced compulsory directives with economic "regulators" (such as prices, wages, credits, taxes). Enterprises could thus formulate their own production, sales, and financial plans in the context of the national plan and the regulators. The responsibility for many decisions regarding inputs and outputs and some decisions concerning investment devolved from central ministries to the enterprises, thus giving great autonomy to enterprise managers and making the economy as a whole more responsive to market demands.28

The experimentation of the NEM proved to be successful. In the period between 1968 and 1972, the economy grew at a good tempo (at an average annual growth rate of 6.2%), prices were relatively stable, and the balance of payments was in equilibrium. Moreover, the average annual increase in real income in the period almost doubled the level in 1963-67. The most significant success of the reform lay in the agricultural sector. There, the introduction of a largely autonomous system of collective farm management, individualized incentive mechanisms, a favorable price system, and more flexible marketing

all contributed to substantial improvement in productivity. Consumers benefited from ample food supplies, and agriculture became the vanguard of Hungary's economic reform.29

In the favorable economic climate of the late 1960s, the Kádár regime also became more responsive to the consumer demands that had been largely denied in the past, not only by orienting domestic production more towards real demand, but also by opening up the economy towards the West and allowing increased imports of consumer articles and products of advanced Western technology. This new emphasis on light industry and imports of durable consumer goods did meet some of the demands of the population. However, what proved to be decisive in this regard was the green light given to some economic activity based on "personal initiative." The Kádár regime's concession to the development of the so-called "second economy" was unprecedented in the history of East European socialist economies.30

The "second economy" covered the whole spectrum of economic activity in the formal and informal private sector, including officially registered non-agricultural activities (e.g. small craftsmen and merchants), small-scale agricultural production, and officially non-registered activities (e.g. mainly residential construction, repair and maintenance services) generally on the part of those whose main occupation was in the socialist sector. The Kádár regime's tolerance undoubtedly contributed to the surge of the "second


economy, and at the same time its reproduction was greatly stimulated by the fact that there was a significant income disparity between the two sectors, i.e., the same amount of work yielded higher income in the "second economy" than in the "first economy" (i.e., the socialist sector).  

Table 2.1 The Relative Size of the Second Economy (%) in Hungary, 1983

<table>
<thead>
<tr>
<th></th>
<th>First Economy</th>
<th>Second Economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Distribution of total active time (excluding household work and transport)</td>
<td>67</td>
<td>33</td>
</tr>
<tr>
<td>2. Contribution to residential construction (measured by number of new dwellings)</td>
<td>44.5</td>
<td>55.5</td>
</tr>
<tr>
<td>3. Contribution to repair and maintenance service</td>
<td>13</td>
<td>87</td>
</tr>
</tbody>
</table>

Source: János Kornai, 1986, op. cit, p. 1707.

Table 2.1 demonstrates the high ratio (one to two) between total working time spent in the "second" and "first" economies, and also shows the extremely large share of the "second economy" in the contribution to consumer supply. Another indication of its importance as a source of income was the fact that 75% of Hungarian families participated in some way in the "second economy," and that 40% of wage earners in the socialist sector had an extra income amounting to a quarter of their wages.  

31 Ottó Lukács, "A kiegészítő gazdaság" [Supplementary Economy], Figyelő, February 18, 1986, pp. 3-4.

The Kádár regime, in particular Kádár himself, knew that "consumerism" would not work without the means and objects of consumption. The combined effect of the Kádár regime's deliberate "consumer-oriented" policy and the surge of the "second economy" was that since the late 1960s a consumer boom took place in Hungary, with rising living standards experienced by almost all sectors of the population. Unlike the rest of Eastern Europe -- which suffered from the chronic problem of "not the lack of money, but the lack of goods" -- for Hungarians the problem was "not the lack of goods, but the lack of money."  

33 Comparing standards of living is often a hazardous undertaking, but it is possible to make a broad generalization. Under the Kádár regime (especially until the late 1970s and the early 1980s), the Hungarian standard of living was among the highest in Eastern Europe, and the average Hungarians lived a much better life than those in the previous period. Above all, the food supply of the population was guaranteed from domestic sources since the early 1970s, and good quality food has been readily available without queuing and rationing. Also, the steep rise occurred in the stock of major durable consumer goods. For example, in 1960 there was one car per 100 households. The number had grown to 6 in 1970, and 26 in 1980. In 1960 there was one refrigerator to every 100 households, by 1970 it was 35, and by 1984, the number rose to 100. Television sets per 100 households rose from 4 in 1960 to 66 in 1970, and 105 in 1983. Washing machines over the same period rose from 19 to 70, and finally to 95. The index of real income per capita, set at 100 in 1950, rose to 154 in 1960, 245 in 1970, and 350 in 1983. Between 1960 and 1985, consumption also increased every year without exception, with an annual average growth of some 5%. See Paul G. Hare, 1988. "Industrial Development of Hungary Since World War II," *Eastern European Politics and Societies*, vol. 2:1, p. 149; László Bogár, 1989. *Egy modernizációs csapda anatómiája* [An Anatomy of Trap of Modernization]. Budapest: KJK, pp, 66, 71.

The Depoliticization of Society and the Opposition

Kádár's "consumer socialism" left its great imprint on people's minds and their political attitudes, which may be summarized as a national syndrome of political apathy. The Kádár regime saw the flourishing of a "new" middle class that came to acquire the characteristics such as individualism and conformism.\(^{35}\) An essential feature of the Hungarian middle class under Kádár was that it remained a "dependent" middle class. That is, on the one hand, the members of the middle-level party and state bureaucracy, the middle-level managerial positions or in the professions were obviously dependent on their official positions for the maintenance of their privileges. On the other hand, independent small-holding peasants and those engaged in the small-scale trade and business activities were equally dependent on the state for their leases, contracts, and concessions.\(^{36}\)

With the expanded opportunities in the second economy, the working class concentrated their energies on the uninhibited pursuit of self-interest and individual self-enrichment. This, above all, had the effect of destroying the very collective spirit through which social solidarity might emerge and take on an organized form in defense of common interests.\(^{37}\) As one commentator remarks, "in Hungary, one has witnessed a watering-


\(^{36}\) Analyzing the data of national survey conducted since 1977, Róbert Manchin concludes that, contrary to some expectation that the flourishing of small-scale private economic activities will create different political actors, people involved in entrepreneurial activities were as conformist, submissive, or pro-status quo as the average population. See Róbert Manchin, 1988. "Individual Economic Strategies and Social Consciousness," Social Research, vol. 55:1-2, pp. 77-95.

\(^{37}\) Losonczi, op. cit., p. 129.
down of the working class, the lumpenproletarianization of the working class as a whole."³⁸

The effect of "materialism" and "consumerism" prevalent in the Hungarian population in general was clearly reflected in their political attitudes, i.e., political apathy. For example, in 1972 only 30% of the adult population gave a correct answer to the question "Who is our Prime Minister?"; only 7% of the respondents in the capital correctly named their representatives in Parliament.³⁹

³⁸ Iván Völgyes, 1981. "Hungary: The Lumpenproletarianization of the Working Class," in Jan F. Triska and Charles Gati (eds.), *Blue-Collar Workers in Eastern Europe*. London: Allen and Unwin, pp. 224-35. Völgyes argues that, unlike earlier generations of skilled workers who identified with the socialist democratic traditions of solidarity and collective action, the working class under the Kádár regime took no pride in their work, aimed at maximizing their incomes at all costs, and had no concern for the welfare of their fellow workers. The result of this "lumpenproletarianization" was the creation of working class that possessed few characteristics conducive to any purposive or collective political activity.

Table 2.2  The Proportion of Those Who Believe They Could Do Something Against A Decision Violating Their Interests (Percentage)

<table>
<thead>
<tr>
<th></th>
<th>Local Level</th>
<th>Nationwide</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>77</td>
<td>75</td>
</tr>
<tr>
<td>Netherlands</td>
<td>-</td>
<td>46</td>
</tr>
<tr>
<td>West Germany</td>
<td>62</td>
<td>38</td>
</tr>
<tr>
<td>Great Britain</td>
<td>78</td>
<td>62</td>
</tr>
<tr>
<td>Mexico</td>
<td>52</td>
<td>38</td>
</tr>
<tr>
<td>Turkey</td>
<td>67</td>
<td>26</td>
</tr>
<tr>
<td>Hungary</td>
<td>25</td>
<td>9.6</td>
</tr>
</tbody>
</table>


Table 2.3  The "Without Us But For Us" Syndrome

<table>
<thead>
<tr>
<th></th>
<th>Work Place</th>
<th>Place of Residence</th>
<th>Nationwide</th>
</tr>
</thead>
<tbody>
<tr>
<td>You are satisfied, to a great extent, with the state</td>
<td>61.8</td>
<td>55.0</td>
<td>69.5</td>
</tr>
<tr>
<td>of democracy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Your interest is reflected in the decision-making to</td>
<td>60.0</td>
<td>57.0</td>
<td>68.3</td>
</tr>
<tr>
<td>a great degree</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>You have a more or less significant chance in</td>
<td>35.0</td>
<td>19.0</td>
<td>14.5</td>
</tr>
<tr>
<td>intervening in the decision-making process</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>You could do something against decisions that</td>
<td>50.6</td>
<td>25.0</td>
<td>9.6</td>
</tr>
<tr>
<td>violates your interest</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Tables 2.2 and 2.3 demonstrate some characteristic features of Hungarian citizens' political attitudes. Table 2.2 shows that, when compared to both developed and
developing countries, the number of Hungarian citizens who felt that they could do something for the protection of their interests was extremely low. More interestingly, Table 2.3 displays that Hungarian citizens' general assessment of the political system or their perception of the presence of democracy was not based on their chances for intervening, influencing, or appealing, but on whether or not policy-making greatly reflected their interests. In other words, the majority of population evaluated politics not in terms of their citizenship role, but in terms of the "services" delivered by the state.\textsuperscript{40} This political attitude typical of the Hungarian population was succinctly called a "without us but for us" syndrome.

In a very real sense, therefore, the Kádár regime did not have to continually repress the already depoliticized society. The phenomenon of political apathy among the population in general, in turn, characterized the forms of action and the objectives of the opposition. The Hungarian opposition under Kádár's rule was slower to emerge than its

\textsuperscript{40} The remarks of Mihály Vajda, the prominent philosopher who was the member of the "Budapest School," may be very suggestive here. He said: "Hungary has always been a country of small peasants. The attitude of the small peasant has always been that 'I' will come through. Not through the self-organization of the whole strata, but individually. The Kádárism strengthened this already existing individualism. The regime granted a relatively large degree of autonomy to individuals. People could do what they wanted and they had the room to take a lot of initiatives in the economic sphere. The main endeavor of the regime was to show the people that they could live in another way -- they could be more rich, and in many respects more and more free. This is the point on which the whole legitimization of the Kádár regime rested. Under Kádár's rule, the majority of Hungarians was capable of using what I always called their bourgeois capacities. But they were bourgeois without being citizen. People wanted to attain the maximum that was possible for themselves as individuals, but the self-organization of society was not an important issue for them" [Personal Interview with Mihály Vajda, July 6, 1991, Budapest].
counterparts in Poland and Czechoslovakia, and it still retained a somewhat conformist stand by comparison.

The Hungarian opposition emerged into the open in January 1977, when 34 intellectuals signed a letter of solidarity with Charter 77 in Czechoslovakia, in which they declared "the defense of human and civil rights is a common concern of all Eastern Europe." The initiative for this letter of solidarity mainly came from the Budapest-based neo-Marxists and younger intellectuals, who later called themselves the "democratic opposition." The following years saw this informally constituted circle of intellectuals, who formed the human rights opposition, increase their activity. But the hallmark of the opposition was the written and spoken word rather than organized political activity. Starting with small typewritten editions of works by dissidents that had been published in the West, samizdat publications grew to include larger and better coordinated editions of essays and reports on various topics such as social inequality, censorship, the 1956 revolution, the opposition movement in other East European countries, etc. In 1981, the "democratic opposition" began to publish its own quarterly journal Beszélő [Speaker]. In addition, the establishment of a central "library" unifying the various samizdat publications and, following the Polish example, the creation of "free universities" with organized courses meeting in private apartments, helped the opposition reach wider audiences, mostly students.41

The stand of the "democratic opposition" towards the Kádár regime was far from being a totally hostile one. It recognized that the only safeguard in the medium-term of its new-found freedoms was the continuing advance of the reforms. They even offered advice to the regime on how to develop its own program. In an influential article written in the spring of 1982, János Kis, the leading figure of the "democratic opposition," observed the beginning of the country's economic recession from the late 1970s and hypothesized the possibility that the regime would make political concessions. In the climate of economic stagnation, Kis saw an opportunity for the opposition to begin to engage in real politics. He was obviously influenced by the Solidarity movement that emerged in Poland in August 1980, but even so he never foresaw the emergence of a mass social movement in Hungary analogous to that in Poland, given the excessive "self-restraint" of Hungarian society.42

Kis argued that the opposition's role in this circumstance would be to step forward to break the "silence" by pointing out the dangers and possibilities confronting Hungarian

42 János Kis later commented on the differences between the Polish and Hungarian situations at the time: "The Poles have the consciousness of a big nation. Of course, national independence was not the central issue during the years of the Solidarity movement, but it has always been on the periphery. The independence of the great Polish nation was very important to the Poles. In contrast, the Hungarians have the consciousness of a small nation. We were dependent on the Germans, the Hapsburg Empire, and the Russians. People felt that they couldn't do anything against this dependence. National consciousness existed in some respects, but a big and independent Hungary was not an issue for the Hungarians. More specifically, in Poland, the working class was concentrated in large state enterprises and the most politicized workers were grouped in key industrial centers. In Hungary, however, the existence of relatively autonomous economic sectors -- the second economy -- served to neutralize the energies of the more active workers by allowing them to engage in private initiatives outside of the state enterprises" [Personal Interview with János Kis, July 11, 1991, Budapest].
society. Observing that the Hungarian leadership was less corrupt, more capable, and more prepared to promote necessary political changes than those in other East European countries, Kis cautiously predicted that "there might be far better chances in Hungary for reaching a compromise settlement between the government and the people than there were in Poland in 1980-81."43

Another oppositional current in Hungary -- or "para-opposition" as George Schöpflin put it -- was the so-called "national-populist" intellectuals who had their ideological roots in "populism" that emerged in Hungary in the 1930s.44 The "populist" writers and some intellectuals associated with the humanities were the main representatives of this intellectual current. Their forums were provided by certain literary periodicals in the provinces (e.g. Tiszatáj, Forrás, and Alföldi). They considered it a duty to preserve traditional values, and focused on the issues of "national destiny," including the situation of national minorities in neighboring countries (especially in Romania), the decline of population at home, the collapse of communities, the increase in alcoholism and the associated social deviance, the high suicide rate, etc. According to the "national-populist" intellectuals, the emergence of "consumer socialism" in Hungary and the opening to the West posed a danger of "westernization": it promoted a materialist system of


priorities over national, social, and cultural values, and this was accompanied by the symptoms of growing individualism.

However, the "nationalist-populist" intellectuals' relationship with the Kádár regime was somewhat ambivalent, that is, both critical and conciliatory. They were especially critical of the regime's negligence concerning the fate of two million Hungarians living in Transylvania, who faced a very severe assimilationist and discriminatory pressure by the Romanian government. But, in general, they were more conciliatory toward the regime and were more privileged than the group of "democratic opposition." Some of them in fact occupied high posts in the universities and the official Writers' Union, and with few exceptions they were allowed to publish their works, whereas dissidents associated with the "democratic opposition" were blacklisted from professional employment and their writings banned from authorized publications.45

The Hungarian opposition in the late 1970s and the early 1980s was primarily concerned with establishing and broadening a "second sphere" of public opinion, thereby extending its influence among the broad group of intelligentsia, as well as encouraging the regime to undertake reforms that would go beyond official reformism. It also stepped into the area on the regime's behalf, as for instance when it came to the public defense of Hungarian minorities abroad or of the poor at home. However, the Hungarian opposition generally restricted its activities and avoided openly challenging the regime in the political arena.

The Kádár regime handled the question of the opposition with some delicacy. There were no arrests as such, no trials, only administrative sanctions. This tolerance may be attributable to the fact that the Hungarian opposition was weak, small, and had no links with the workers. Under the circumstances, there was hardly a possibility for the small circles of dissident intellectuals to undertake real political activity. Consequently, the policy toward the opposition had been one of bringing on "low-level" attrition, involving police harassment, close surveillance, and above all use of the state's control over employment. In a sense, there was a certain ground rule between the regime and the opposition. That is, the regime admitted, though unwillingly, the existence of the opposition and tried to safeguard its tolerant reputation; the opposition, in turn, practiced a considerable degree of moderation.

Kádár's legitimation tactic, i.e., a strategy of buying political acquiescence through economic concessions, was successful. By deliberately granting a measured degree of economic concessions, but not necessarily economic independence, to society, the regime succeeded in directing the pursuit of self-interest away from independent organizations and collective action and towards widespread political indifference. Of course, the traumatizing experience of the defeated revolution and the following period of repression had been critical in shaping the relationship between the regime and society. The population in general, and the opposition in particular, realized what the realm of the possible was.

4. The Fall of Kádárism

After a very difficult start following the revolution, the Kádár regime was to enjoy a period of political and social stability. The affluence, though relative, achieved in the 1960s and 1970s under "consumer socialism" undoubtedly raised the legitimacy of the regime. Therefore, the Kádár regime received a good reputation in the West, enjoyed some popularity at home, and was an object of envy and criticism in other East European countries. Elites were sufficiently confident of the regime's ability to govern the country, and this contributed to maintaining, to a certain extent, its internal cohesion. The population also came to feel that, under Kádár, they were getting the best they could possibly expect from communist rule. However, the country's mood, which had been one of relative calm and serenity, dramatically changed once the accelerating economic decline finally set in.

The Deterioration of the Hungarian Economy

The collapse of Kádárism began with the rapid deterioration of the economy, especially in the mid-1980s. The strategy of keeping society docile through material prosperity made the regime's successful management of the economy crucial for keeping the system together. However, as its economic management proved a total failure, the Kádár regime slid quickly into a profound crisis of confidence. The beginning of the collapse of the much-heralded Kádárism may be traced back to 1985. After relaunching some reform initiatives to promote private and group entrepreneurship, the Kádár leadership sought to prepare for a transition from modest austerity to a dynamic upswing
by the time of the 13th Party Congress in March 1985. While the statements at the Congress favoring renewed reform were low key, the calls for dynamic growth gained the upper hand. Despite warnings by reform economists, the Congress adopted a program of so-called "economic dynamization" that pledged to speed up growth by means of larger investments and increases in productivity.  

Table 2.4 Selected Indicators on Hungarian Economy

<table>
<thead>
<tr>
<th></th>
<th>1971-80</th>
<th>81</th>
<th>82</th>
<th>83</th>
<th>84</th>
<th>85</th>
<th>86</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Material Product</td>
<td>4.6</td>
<td>2.5</td>
<td>2.6</td>
<td>0.7</td>
<td>2.5</td>
<td>-1.4</td>
<td>0.0</td>
</tr>
<tr>
<td>(Annual Perc. Change)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(3.0)</td>
<td>(2.3-2.7)</td>
</tr>
<tr>
<td>Labor Productivity a</td>
<td>3.7</td>
<td>2.6</td>
<td>3.6</td>
<td>2.4</td>
<td>3.6</td>
<td>1.0</td>
<td>1.8</td>
</tr>
<tr>
<td>(Annual Perc. Change)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Productivity b</td>
<td>-2.8</td>
<td>-2.7</td>
<td>-2.5</td>
<td>-3.9</td>
<td>-1.5</td>
<td>-5.1</td>
<td>-3.0</td>
</tr>
<tr>
<td>(Annual Perc. Change)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance of Payments</td>
<td>-368</td>
<td>-77</td>
<td>297</td>
<td>330</td>
<td>-457</td>
<td>-1,419</td>
<td>(370)</td>
</tr>
<tr>
<td>(in millions of US$)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance of Budget</td>
<td>-4.0</td>
<td>-3.8</td>
<td>-5.9</td>
<td>-3.7</td>
<td>-15.8</td>
<td>-46.9</td>
<td>(2.5)</td>
</tr>
<tr>
<td>(in billions of Hung. Ft.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


a Net material product per employee in the material sphere.  

b Net material product per fixed assets in the material sphere.  

c In parentheses, the planned figure.  

Erzsébet Szalai, 1988. "Reform törekvészek és nagyvállalati érdekek" [Reform Endeavors and Large Enterprise Interests], *Valóság*, no. 11, pp. 18-26. According to Szalai, the adoption of the program of economic dynamization was in part caused by the pressures on the part of large state enterprises and their allies (e.g. the Ministry of Industry and the Chamber of Commerce) in favor of the policy of economic growth.
But the "dynamization" program soon proved a plain failure primarily due to the deterioration of the internal and external balance situation, and Hungary was on the way from a phony economic miracle to a real economic mess. As shown in Table 2.4, after a period in which growth rose by between 4-5% a year, it began to fall off slowly. In 1985 Hungary's national output actually dropped by 1.4% instead of growing by 3% as anticipated; it registered no growth in 1986 instead of projected rate of 2.3-2.7% growth. With regard to labor and capital productivity, the long-term decline in its level had not been halted in the 1980s. In the years 1985-86, Hungary in fact stood last among six East European countries in both categories. Deteriorating terms of trade, shrinking Western markets and the ever more severe competition on the world market helped to aggravate the country's trade deficit. After recording surpluses in 1983 and 1984, Hungary incurred a severe deficit in its balance of payments ($1,419 million) in 1986 instead of the expected payments surplus of $200 million. The deficit in the government budget, which remained at a moderate level in the early 1980s, reached a record high level in 1986, primarily due to a surge in government bail out of operations of large, unprofitable state enterprises (almost one-third of the total budget in 1986).
Figure 2.1 and Table 2.5 show how serious Hungary's debt burden was. Hungary's net foreign debt almost doubled between 1983 and 1987, from $8.9 billion to $17.1 billion, raising the country's per capita debt to the highest level among East European countries. Both the ratio of net interest payments to exports and the ratio of net debts to exports (more than 400% in 1987) continued to increase, thus further aggravating the country's already difficult financial situation.
Large debts, of course, are not necessarily bad signs in themselves. If credits result in boosting the country's productive and exporting capacity, then this cost is well justified. However, there were no signs that this had happened in Hungary. Profiting from the country's sound economic reputation, Hungary accumulated an intolerable burden of debt. It is here that Kádár's great mistake probably lay. In a very real sense, the Kádár regime had been living on borrowed money. A good part of borrowed capital had to be spent to keep down prices and to support an inflated level of living standards. The volume of Hungary's consumer goods imports from the developed market economies had been very significant, perhaps exceeding what the country's overall development would have justified. Table 2.6 shows that in the period between 1965-86, the average annual percentage rise of per capita imports of consumer goods was the highest among East European countries.

Table 2.6 Changes in Per Capita Imports of Consumer Goods, 1965-86

<table>
<thead>
<tr>
<th>Country</th>
<th>Consumer Goods (Total)</th>
<th>Industrial Goods a</th>
<th>Agricultural Goods b</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulgaria</td>
<td>1.5</td>
<td>5.6</td>
<td>-0.4</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>-0.1</td>
<td>2.3</td>
<td>-0.6</td>
</tr>
<tr>
<td>East Germany</td>
<td>3.7</td>
<td>7.0</td>
<td>2.4</td>
</tr>
<tr>
<td>Hungary</td>
<td>4.9</td>
<td>9.5</td>
<td>0.8</td>
</tr>
<tr>
<td>Poland</td>
<td>1.6</td>
<td>3.0</td>
<td>3.1</td>
</tr>
<tr>
<td>Romania</td>
<td>2.0</td>
<td>-0.4</td>
<td>3.1</td>
</tr>
</tbody>
</table>


a General household goods (including furniture); electrical household appliances, passenger vehicles; and clothing and fashion goods.

b Basic food; beverages; alcohol and tobacco; and tropical fruits and spices.
The rest of the borrowed capital was not used much more efficiently. The external sources of low-interest credits especially in the 1970s\textsuperscript{48} offered a chance to restructure the economy without serious social conflicts, but Hungary failed to accomplish it. The borrowed hard currency was squandered to support the unprofitable large enterprises in the state sector in the form of huge subsidies and investment projects geared toward the CMEA markets.\textsuperscript{49} Despite the large sum of dollars that had been spent to support them, however, most of state enterprises continued to remain in deficit and did little or nothing to reverse the deteriorating conditions of the national economy. The country's continuing technological backwardness and the lack of competitiveness on the world market bears out the supposition that Hungary's debt had been vastly disproportionate to the benefits that should theoretically have followed. Large foreign loans in fact did little for the modernization of the country's economy.

It also became evident by the end of 1986 that the crisis of the statist economy could not be solved by the Hungarian second economy that had compensated for, to a certain extent, the state sector's shortcomings for some time.\textsuperscript{50} Above all, most private


\textsuperscript{50} Some emphasize the negative effect of the second economy. Endre Sik, for example, argues that the existence of second economy precipitated an increasingly conspicuous gap between the haves and have-nots, and consequently led to serious tension in Hungarian society. According to him, it also helped undermine work morale and labor productivity
economic activities were generally based on self-employment and were part-time. The proportion of full-time entrepreneurs was still small, 2-3% of all income earners, and it was not growing rapidly. At the same time, most private business was concentrated in agriculture or in the tertiary sector, and capital accumulation in private firms was insignificant.51

The most important limitation imposed on private economic activities, however, was the ambiguity of the political leadership's attitude toward them. The leadership, from time to time, stressed the indispensability of the private sector, but at the same time its "supplementary" role compared to the socialist sector. Private economic activities in fact continued to be handicapped in many respects. There were few bank loans available for private investors. Entrepreneurs were often overtaxed, and they were justifiably concerned that the conditions for their operation might be worsened. Consequently, private enterprises tended not to fully exploit the opportunities which were open to them. For example, the small, private enterprises employed 2 to 6 persons in their majority, although the limits set for the various forms were much wider. At the same time, the

in the state sector. That is, in contrast to their performance in the state sector, those Hungarians who also held additional jobs usually directed their energies toward the second economy, where more money can be made. Thus the same people loafed and overworked, and herein lay the central cause of the poor performance in the state sector. See Endre Sik, 1987. "A láthatatlan jövedelemről" [Concerning the Invisible Income], Mozgó Világ, no. 6, pp. 85-92.

second economy was oriented toward conspicuous consumption. Therefore, the lack of unambiguous political and economic stimulation to the private sector certainly impeded its potentially important role in improving Hungary's economy. The relative tolerance of the Kádár regime toward private incentive gave the economy an exceptional boost, but such a restricted second economy was too insufficient to rescue a mismanaged national economy.

The Report of Reform Economists — "Fordult és Reform"

By the summer of 1986, two far-sighted party politicians, Rezső Nyers, the architect of the 1968 NEM, and Imre Pozsgay, General Secretary of the Patriotic People's Front (Hazafias Népfront, HNF), encouraged a group of young reform economists to

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52 Teréz Laky, 1987. "Eloszlott mitoszok — tétova szandékok" [Dispelled Myths -- Wavering Intentions], Valóság, no. 7, pp. 42-49. Laky differentiates between three types of private economic activities from the aspect of their economic aims and functions. First, those who participated in the household farming or the so-called Economic Work Cooperatives usually had their principal employment in the socialist sector. Their participation in the second economy, usually after working hours, aimed at supplementing their wages. No capital was invested, and the participants used the incomes to increase their consumption. The second group is small producers. They strove for stability rather than for growth, and consequently modified and increased their offer only to a limited extent. The capital invested was very small, no more than was necessary to stay competitive. They spent the greater part of their income on consumption. This group includes the overwhelming majority of independent artisans, petty traders and those in catering establishments. The third group is "genuine" entrepreneurs. Their aim was profit, and they reacted flexibly to changes in demand. They invested substantial capital, and used the majority of their income for further investment. But their proportion in the overall private sector was very small.

53 Three decades of Hungary's economic reform, albeit with its ups and downs, produced an exceptionally large number of radical economists who committed themselves to the idea of economic reform. The so-called reform economists [reformközgazdászok] gave economic advice to the party and government and usually held official posts in the research institute and state administration.
draw up a report on the state of the economy and a blueprint for future action. As early as November 1986 they drafted a report, "Fordulat és reform," under the auspices of the HNF.\(^{54}\)

The report characterized the country's economic crisis as debt crisis and lasting economic stagnation. One of the reasons behind Hungary's worsening economic conditions was its integration within the CMEA mechanism. Hungary, virtually without mineral resources, was forced in the 1950s to establish an outsize iron and steel industry, and in the 1970s, after equally misguided bloc-wide deliberations, to develop a far too large chemical industry. As a result, Hungary was more and more forced into the role of exporter of energy-intensive products that can only be sold under deteriorating terms of trade, whereas it was increasingly pushed out of the export markets of technology-intensive products.\(^{55}\)

At the same time, the lack of competition and the low quality requirements of the East European and Soviet markets had a negative effect on Hungarian producers. That is, factories and entire industries were created to meet the requirements of the CMEA markets with obsolete trading and accounting mechanisms.\(^{56}\) Moreover, a significant

\(^{54}\) This report was compiled by a group of some 30 reform economists in the Ministry of Finance, Financial Research Institute, and Institute of Economics of the Hungarian Academy of Sciences. It was later published in a shortened version in June 1987. See László Antal, Lajos Bokros, István Csillag, László Lengyel, and György Matolcsy, 1987. "Fordulat és reform," [Turnaround and Reform], Közgazdasági Szemle, no. 6, pp. 642-63.

\(^{55}\) Ibid., pp. 645-46.

\(^{56}\) Despite decades of deliberations and lengthy resolutions, barter deals, artificial prices, and total inflexibility continued to dominate the trade transactions within the
portion of resources were still allocated to state enterprises geared to the CMEA markets, where the principle of efficiency was largely ignored. Consequently, exports to convertible currency markets were insufficiently stimulated. According to the report, therefore, CMEA cooperation as a "sacrosanct goal" was tantamount to "stabbing the efforts of economic rationalization in the back." 57

Another reason for the country's economic difficulty lay in the "inoperability" of the existing system of economic management. While the national economic plan no longer regulated the activities of firms, indirect market regulating instruments (prices, wages, credits, and profit) did not adequately influence the activity of firms. In short, the present system of economic management "replaced" rather than "organized" the market. In the absence of genuine market conditions, the state firms had no inner motivation to operate profitably at any price.58 On the other hand, small private enterprises were not numerous


57 Antal et al., op. cit, p. 647.

58 The state enterprises always operated with "soft" budget constraints because of the willingness of the authorities to bail out enterprises if they were in trouble. One of the "softening" methods was taxation, meaning that (I) the firm could influence tax rules that lacked stable and uniform principles; (ii) the firm might be granted a tax exemption or postponement as an individual favor, and (iii) tax collection was subject to prior (or subsequent) bargaining. Second, fulfillment of contract with the bank became the subject of bargaining especially when a firm was in trouble. Third, the amount of state subsidy was subject to bargaining. Fourth, although price was formally determined by an administrative pricing authority, it could be "softened" through bargaining. The firm or ministry could persuade the pricing authority to acknowledge the costs in the price, however low the efficiency of production. At the same time, the firm might seek price increases in the case of its own cost increases. Accordingly, the state firms tended to be insensitive to prices or profits. In short, "soft" budget constraint implied that failure in the market, i.e., bankruptcy, was not a realistic threat to large enterprises. See János Kornai,
or strong enough to offer serious competition. Moreover, individual enterprises continued to maintain an inward-oriented autarkic structure. Autarky had long ceased to be a priority in economic policy, but it still remained in the basic interest of the actors in the economy as an absolute necessity for their security. Therefore, the lack of a functioning market and competition led to the squandering of resources by enterprises, and the Hungarian economy in general adjusted to world economic trends slowly and only with difficulty.59

According to the authors of the report, only a drastic transformation of economic structure, by means of a combination of a strict stabilization policy and a radical market reform, could provide a way out of the present economic troubles and create the basis for sustainable economic development in the long run. A short period of economic stabilization would require a substantial reduction in personal consumption, which could be achieved by price rises and large-scale cuts in consumer price subsidies. Internal and external resources should be utilized more efficiently, thus increasing exports in convertible currency. In this regard, the report strongly attacked unprofitable, large-scale enterprises and called for a reassessment of CMEA trade. A substantial currency devaluation was also advocated in order to promote price equilibrium and increase exports.60


59 Antal et al., *op. cit.,* 648-49.

60 Ibid., pp. 650-51.
The report recommended a restrictive monetary policy in order to establish a market regulating economic process efficiently. It urged that the administrative control of the economy be replaced by strong monetary restraints: that is, the extent of central intervention should be controlled by strictly limiting the money and credit supply, thus reducing the amount available for production subsidies and tax concession to state firms. A reform of the taxation system, in the form of a personal income tax and value-added tax, was also recommended to streamline the present complicated system of fiscal redistribution.61

The report also argued that the system of ownership should be transformed. It proposed the establishment of small and medium-sized enterprises in various forms of ownership (e.g. joint stock companies and limited liability companies, etc.), allowing investments by private individuals and foreign investors. New forms of ownership and the increase in the number of market participants would contribute to boosting competition and to abolishing the existing withholding of performance at the large state enterprises. The report strongly called for the creation of a genuine socialist market economy based on the dominance of the market in the competitive sector, which in turn would require a social environment that considers entrepreneurship as a "basic value."62

The report also briefly referred to the political measures that should accompany the economic reform. It called for constitutional regulation of the role of the Communist Party. The system of representation should be further developed and the members of

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61 Ibid., pp. 653-55.

parliament should be given the right to organize themselves in groups and the right of free interpellation. The government should act independently for the realization of its program and would be only responsible to the parliament. All social groups and economic entities should have organizations representing their interests. The report also stressed that social openness was one of the important conditions of the success of the reform.63

"Fordulat és reform" was the reflection of the country's critical economic situation. At the same time, it reflected the changing consciousness of the reform economists that economic reform in a piecemeal rather than an extensive and radical fashion would not yield any major success, and that political reform should accompany the successful implementation of economic reform. Perhaps the politically most explosive statement of the report was its conclusion that it was the economic policy of the party that had plunged the country into a severe crisis. It warned that without the "open self-criticism" of the party, the program initiating changes would not be trusted or supported by the population.

The Program of Economic Stabilization

"Fordulat és reform" received no public reception since its appearance in November 1986, and was considered to be even "oppositionist" by the Kádár leadership, primarily because it touched some sensitive issues.64 However, it became the hot topic at

63 Ibid., pp. 660-61.

64 The party usually laid down three categories of publication -- supported, tolerated, prohibited -- known as the policy of three Ts from the respective words in Hungarian (támogatott, tűrt, tiltott). According to László Lengyel, one of the co-authors of "Fordulat és reform," the original draft was classified as "prohibited" by the party leadership (György Aczel, who then was the Politburo member and was in charge of
several party meetings and was discussed in April 1987 by the Economic Subcommittee of the Central Committee, which basically agreed to the evaluation of the country's economic situation as found in "Fordulat és reform" and endorsed some of its recommended measures.65

Under the joint pressure of continuing economic deterioration and the alarm signals sent up by economic experts, the party decided to introduce a program of economic stabilization, which in fact contained the main ideas of "Fordulat és reform." This decision obtained some significance by the changes made in the central economic management in June: Prime Minister, Károly Neméth, and the Central Committee Secretary in charge of economic affairs, Ferenc Havasi, were replaced by Károly Grósz and Miklós Neméth. The policy change from economic dynamization to stabilization started with the Central Committee's recognition, though implicit, that the party had failed in mastering the management of the economy.66

cultural affairs) since it raised some taboo issues. For example, the original report revealed that the Soviets in 1979-80 imposed on Hungary a 35% rise in military spending. However, Imre Pozsgay's Patriotic People's Front and Nyers supported the document's publication, and a much shortened, edited version was finally published in June 1987 in a journal whose editorial board Nyers headed [Personal Interview with László Lengyel, June 29, 1991, Budapest].

65 "Az MSzMP Központi Bizottság gazdasági bizottságának állásfoglalása" [The Position of the Economic Subcommittee of the MSzMP Central Committee], Közgazdasági Szemle, no. 6 (1987), pp. 664-70.

66 The Central Committee acknowledged: "We have been hesitant in adjusting to the changing situation. Economic management as a whole has failed to encourage or compel a transfer to the intensive stage, to restructure the production pattern, or improve competitiveness in world markets. Economic difficulties aggravated." See "Az MSzMP Központi Bizottságának 1987. Július 2-ai állásfoglalása: A gazdasági-társadalmi kibontakozás programjáról" [The MSzMP Central Committee Position of July 2 on the
The policy of stabilization was further specified in Grósz' speech at the fall session of the National Assembly and the following announcement of a government work program for economic stabilization. In his parliamentary speech, the new Prime Minister Grósz bluntly reviewed the country's grave economic situation. Revealing publicly, for the first time, the size of the foreign debt and the growing burden of debt servicing, Grósz emphasized that the country's future would be seriously endangered unless the "unavoidable" changes were not carried out. According to Grósz, the main goal of the stabilization phase (1988-90) was to eliminate the country's accumulated economic difficulties and simultaneously to lay the foundations of further economic development. Accordingly, the success of stabilization would be primarily measured by the improvement in economic efficiency and technological progress.

Grósz was especially emphatic in the assertion of the principle of performance. He promised to create an economic environment in which individuals and enterprises would obtain an income in proportion to their "real" performance. He lamented the fact that effectiveness of work during the main working hours was less than in auxiliary activities


67 Grósz said: "In 1985-86 the national income dropped, while internal consumption expanded contrary to our intentions; imports again exceeded exports. The import surplus did not adequately serve technical development or the increase in competitiveness. The outmoded production structure still prevailed ... The effectiveness of the economy barely improved, the quality of products did not change considerably, and specific material and energy consumption continues to be high. Enterprises' independent activity did not improve either ... All these reflect the contradiction inherent in the economic process." See Népszabadság, September 17, 1987.

68 Ibid.
(i.e., the second economy). He pointed out that working hours in richer nations were longer than in Hungary, and this did not mean the "self-destruction" of society. He also stressed that loss-making state enterprises either had to make a profit or be eliminated, saying that the reduction of state subsidies to unprofitable enterprises was unavoidable. As regards to property relations, Grósz asserted that state and cooperative property would continue to be the "basic pillars" of economic system. But he said that "badly interpreted ideological stability" should not prevent the government from stimulating the activities of a private sector that could serve economic progress.69

The government work program presented in detail the main objectives of economic stabilization and the necessary measures to achieve them.70 The first objective was to halt the increase in the convertible currency debts and to restore the balanced budget. This would require a significant reduction in domestic consumption as well as cuts in state subsidies to enterprises and consumers, thus necessitating large-scale price increases. In order to improve the foreign trade balance, the government program pledged (i) to support selectively the production areas that produce goods that can be profitably marketed on the convertible currency market; (ii) to help economic units, by creating long-term incentives, base their production structure on strategic development and concentrate

69 Ibid. In a similar vein, the Central Committee already in July underlined the importance of the private sector. It stated, "household farms, cottage industries, and private business constitute an integral part of the socialist economy. Every activity and initiative that serves growth in national income and the improvement in the living conditions of the population must be encouraged." See "Az MSzMP Központi Bizottságának 1987. Júliusi 2-ai állásfoglalása," op. cit.

on technological development; (iii) to take measures to increase the opportunities of economic organizations as well as researchers and developers to acquire international orientations and information.

Another objective in the stabilization phase was to force the enterprises, institutions, and individuals to increase their performance. This, first of all, would necessitate the industrial restructuring that would necessarily involve the closures of unprofitable enterprises, which in turn would result in "temporary manpower regrouping."

Recalling that the large, deficit-ridden state enterprises, especially in coal mining and metallurgical industries, continued to be a heavy burden on the Hungarian economy, the government program planned a gradual cut in supporting them and a more forceful, consistent implementation of bankruptcy proceedings.

The government program also proposed tax and wage reforms in order to strengthen the economy's "profit-oriented" role. The tax reform, i.e., the simultaneous introduction of a value-added tax and a personal income tax, aimed at establishing a new system of social redistribution. Value-added tax would clear away the current complicated enterprise tax regulations (e.g. enterprise property tax, accumulation tax, wage tax, profit tax, etc.), and ensure that the enterprises should have more interest in improving economic performance. At the same time, the new personal income tax would equalize the cost of labor in the state, cooperative, and private sectors, and make the cost of state budget to be felt at the individual level. By introducing it, the government would also capture revenue that has gone untaxed in the second (and illegal) economy.

According to the work program, the government would soon modify the wage policy in
such a way that wages should be made proportional to the "social usefulness" of the work performed. In order to further strengthen competition, the government program also promised to create various forms of ownership and to increase private property's role in venture opportunities.

The policy of economic stabilization, if implemented rigorously, would unavoidably impose immediate burdens on the population. First, the unprecedented steep price rises (projected at 15% in 1988) and the reduction in real incomes would certainly depress the standard of living. Second, the arrival of an open, large-scale unemployment, which the Kádár regime tried to avoid at all costs, became a real issue by the end of 1987. Given the fact that full employment and job security have been the hallmarks of socialist society, the specter of unemployment had serious ideological implications and caused some anxiety especially among those in unprofitable state enterprises. Third, the introduction of a new tax system, especially the new progressive income tax that hit earnings from the second economy, proved highly unpopular, and its psychological effects were perhaps more devastating than the economic consequences.

The government work program, of course, somewhat downplayed the scale of public burdens and promised to minimize the possible social tension resulting from the stabilization policy. For example, the work program expected that in 1989 and 1990 price rises would greatly slow down following the sharp price rises in 1988. In order to counterbalance the effect of price increases, it also promised to pay particular attention to the social security of the poor and pensioners. Concerning the "temporary" problem of "manpower regrouping" (euphemism for unemployment), the work program pledged to
ease its tensions by creating an employment fund, by increasing retraining and employment assistance, and by initiating efficient and job-creating investments. But given the country's already very difficult financial situation, it was highly questionable whether the regime was capable of fulfilling these guarantees.

The Party Reformers' Criticism and Reform Proposals

The reformist group within the party played an important role in undermining the Kádáríst strategy of legitimation. Included in this group were some party politicians and reform intellectuals [reformer értelmiség] (e.g. historians, jurists, political scientists, sociologists, etc.,), who were coopted into the regime in the 1960s and 1970s. They usually held official posts in the party institutes (e.g. Social Science Institute, History Institute), the research institutes of the Hungarian Academy of Sciences, and the academic institutions. This group of intellectuals had been largely demobilized partly due to the built-in system of "self-censorship," and partly due to the regime's confinement of reform discussion in the economic sphere.71 However, in the climate of economic deterioration, this reformist group, who had tacitly supported Kádáríst legitimation tactics, now increasingly criticized the shortcomings of the political system and began to promote an

alternative legitimizing formula based on radical political reform. This proved to be the major catalytic factor in the collapse of Kádárism.72

The party reformers' main concern was the regime's legitimacy deficit, which they believed had roots in the shortcomings of the political system. Accordingly, their criticism centered on the "mono-centric" political system, and specifically on the Communist Party's concentration and monopoly of power. Some of the major criticisms made by the party reformers may be summarized in the following.73 First, the party's position of exclusive power, which originally stems from the perception of its self-image of "omnipotence and omnicompetence," essentially made any real, distinct political movement or organization superfluous. Public organizations (e.g. trade unions, youth organizations, and the Patriotic People's Front) existed, but they lost their distinctiveness and particular function.

Second, the party's functions were unlimited as a result of the "interlocking" of party, state, and economic organizations (through the simultaneous membership of

72 Schöpflin describes the role of intellectuals within the authoritarian regime as follows: "The supporting intellectuals sustain the authoritarian regime by acting as a mirror in which the ruling elites see themselves reflected. It is vital that this mirror reflects a picture that is positive for the rulers, because at the moment when some other, much more realistic picture is visible in the public sphere -- and the intellectuals control the public sphere through their hegemonical control of language -- the rulers become confused. This confusion is then transmitted through the hierarchy, upwards and downwards, until the ruling party loses its cohesion and becomes prey to self-doubt." For Schöpflin, therefore, the loss of support from the previously supportive intellectuals could be the "vital nexus" in the delegitimation of the regime. See George Schöpflin, 1993. Politics in Eastern Europe, 1945-1992. Oxford: Blackwell, p. 228.

individual leaders in several organizations and the pluralism of their offices). As a rule, the processes of decision-making were not formalized and took place mostly behind the closed doors. In the past, the party adopted a number of resolutions that called for ending the necessary duplications in the activities of the party and state organs, and for refraining from excessive interventions. But no significant changes occurred in the absence of openness and without the danger of being called to account.

Third, the party bureaucracy could interfere in any matter of any social sphere (e.g. economy, education, culture, science, etc.,). In addition to requesting information, the apparatus could state its viewpoint, designate its candidate, issue instructions concerning the decision, limit the alternatives to be considered, and advance the draft decisions it considered desirable in the form of the party's "standpoint. The organizations deprived of their decision-making authority and autonomy could hardly voice their contrasting professional reasons and arguments. The party's "standpoint" handed down in advance then appeared in the guise of the organization's own decision, concealing the infringement of the authority of the organization.

Fourth, the party was an "extra-legal" entity that operated above the constitutional legal system and outside its framework. The party dominated the constitutional legal system through its real, albeit informal, legislative role. The party's highest organs considered all important legislative proposals before they were debated in the National Assembly or in the government. Political control of the legislative process, and the public's and party membership's influence over it were completely lacking. Thus, the party exercised arbitrary power without any public oversight.
According to the party reformers, Hungary in the mid-1980s was a mismanaged, overregulated, and a fundamentally lawless state, which in turn had undermined the party's credibility and raised serious doubts as to its right to rule. The party reformers' conclusion was that the only way to reestablish the party's legitimacy was to introduce radical political reform. It was in this context that a number of proposals for political reform surfaced and circulated within the party.\(^4\)

The emergence of various reform proposals were, of course, related to the changing external conditions. Gorbachev's reform in the Soviet Union undoubtedly created a favorable environment for the party intellectuals to present their reform programs. The various reform proposals, almost without exception, recognized that the progressive forces of socialism had already taken over the leadership in the Soviet Union, thus diminishing the threat of Soviet intervention, and that the Hungarian political leadership should make maximum use of political opportunities provided by the changes in the Soviet Union.

The common themes that underlay the various reform proposals advanced by the party reformers may be discerned in the following. First, the reform should be launched in an area where democracy is most lacking (i.e., the party), and further extended to society. That is, as a first step towards the political reform, the party should renew itself by legally

limiting its monopolistic power and promoting its internal democratization. Second, the institutional separation of power should be considered a safeguard against uncontrollable concentration of power, and against the development of positions of exclusive power occupied by unremovable incumbents. Third, a system of human and civil rights should

75 Some of the specific measures included: (I) Provisions must be introduced which regulate every party organizations, governing bodies, and leaders to act only within the limits set by the Constitution and laws; (ii) The plurality of leadership positions in the party, state, and public organizations should be prohibited; (iii) The obligation to conduct politics openly should apply to every party organizations (including the Central Committee and Politburo). They should be under general obligation to make public the drafts of the decisions and alternatives, the standpoints presented in the debates, and the adopted decisions; (iv) Before the party's forums and in open party proceedings, anyone may adhere to his minority opinion and freely advocate it even after a decision has been made; (v) Freedom to present contrasting opinions must be recognized within the party; (vi) Several candidates should be nominated for each elective office in the party organizations; (vii) The procedures should be regulated for recalling party leaders (including the General Secretary) and members of the party's governing bodies; (viii) Instead of the principle of "democratic centralism," the local party organizations must be guaranteed a legal status that gives them independence. The accountability should not be passed downward, and the lower party organs should not be forced to agree with the higher organ's decisions. See Bihari, *op. cit.*, pp. 213-16; Schmidt, *op. cit.*, p. 25; Schlett, *op. cit.*, pp. 43-47.

76 Some important suggestions were: (I) The party's governing bodies must restore to the National Assembly its legislative power; (ii) The right of the National Assembly's deputies to freely address questions to ministers must be guaranteed, and the institution of closed sessions should be abolished; (iii) More frequent and longer sessions of Parliament should be instituted to ensure that the fundamental legal relationships of citizens are regulated only by laws, and that the Parliament remains the national forum for public debates; (iv) The National Assembly's deputies should be free to form factions; (v) Votes of confidence on the government's program and policies must be institutionalized; (vi) The preponderance of "government-overshadowing" informal power that the Politburo and the central party apparatus wield must cease; (vii) The government should be accountable to Parliament for the implementation of the government's own program that Parliament has approved; (viii) The weak administrative government should be transformed into a government with strong authority, but strictly subordinated to Parliament (ix) Under the one-party system, the Prime Minister should not hold party office, or be a Politburo member. The Prime Minister, rather than the party's governing bodies, should appoint ministers. See Bihari, *op. cit.*, pp. 216-19; Schmidt, *op. cit.*, pp. 26-29.
be established as a precondition for guaranteeing the political security and freedom of individuals and collectives.77

The reform ideas embodied in various reform proposals, therefore, pointed towards the creation of a "constitutional state" within the framework of a one-party system, which would greatly improve the relationship between the regime and society at large. That is, the party could keep some portion of its power, but its prerogatives would be strictly limited by legal and political constraints. At the same time, the rights of the citizens as well as the way they are practiced would be clearly defined and guaranteed by laws. Obviously, the primary objective of the reformers was the country's transformation into more stable and more liberalized regime, thereby addressing the problem of legitimacy dilemma.

77 Some of the reform measures included: (i) Executive orders rather than written laws were often used by the authorities to justify human rights violations. To remedy this situation, a bill of human rights must be drafted based on the international agreements that Hungary has signed; (ii) The citizens' right to introduce proposals by initiative should be recognized as a fundamental civil right. As important instruments of direct democracy and participation, the institutions of national and local referendums should be introduced in a separate law; (iii) The law on assembly and associations should be drafted to establish the citizens' unrestricted right to assemble and to form associations for any public purpose; (iv) The official trade unions, which had lost their purpose and consistently supported the party line rather than defending workers' interests, should be reformed and democratized. To safeguard the interests of employees, a separate trade union law should include the right to strike and the freedom to form independent trade unions; (v) The citizens' freedom of information and the obligations of the organs of power to supply information are prerequisites for a well-informed public, thus should be accompanied by the system of democratic and publicly accountable mass media and freedom of the press. In addition, organizations and individuals should be allowed to found periodicals and publishing houses. The censorship should be limited by clearly defining the criteria for censorship, including what could be classified as a state secret. See Bihari, op. cit., pp. 220-23; Schlett, op. cit., pp. 51-53; László Solyom, 1987. "A szabadságjogok biztosítékai" [The Safeguards of Civil Rights], Magyar Tudomány, no. 7-8, pp. 503-8.
By the end of 1987, it became increasingly clear that Kádárism was no longer a viable solution. As Hungary's economic decline had reached a critical point and the pressure from economic experts grew apace, the party had no choice but to endorse the tough economic stabilization program. This changed the country's mood from one of relative calm to one of uncertainty and insecurity. People began to realize that the Hungarian population at large was made to pay the heavy bill for the regime's waste and mistakes. In short, the country's economic deterioration and the subsequent need for stabilization virtually shattered the very basis of Kádárism legitimacy, namely the regime's ability to offer a steady rise in living standards. At the same time, the party reformers' intensifying criticism of the shortcomings of the political system and their advocacy of a new type of legitimacy based on more institutionalized pluralism had the effect of further undermining the political elite's self-confidence in Kádárism legitimation tactics. As will be discussed in the following chapter, the collapse of Kádárism had significant implications for Hungary's forthcoming political transformation.
Chapter III

The Decline of Legitimacy and the Process of Political Opening

1. Introduction

The aim of this chapter is to analyze the process of political opening that resulted in the MSzMP's decision to accept the principle of a multi-party system. The failure of Kádárism was accompanied by major political changes both within the regime and in society, thereby setting the stage for the opening of the political arena. That is, amid declining regime legitimacy, several oppositional currents of society began to organize themselves into independent organizations outside the official organizational framework and demanded radical political change. At the same time, the legitimacy dilemma of the regime created a sense of urgency among the younger generation of top party officials that something would have to be done in order to prevent a political crisis. In the ensuing discussion of political reform within the party, Kádár and his old cronies were made to take the political responsibility for the country's current crisis and were replaced by a younger generation of political leaders at an "emergency" party conference held in May 1988.

The post-Kádár leadership (dominated by the conservative politicians) attempted to cope with the problem of legitimation in the period of tough economic stabilization by
granting a small dose of political concessions to society. However, the conservatives' calculation that they could stop at limited liberalization, which would not endanger the existing power structure, turned out to be wrong. The failure of the conservatives' liberalization attempt and its evolution into the launching of limited democratization may be explained by investigating the role of divisions within the regime and of the independent organizations, as well as the interaction between the two.

Following the leadership succession, the MSzMP conservatives' rhetoric was to create the conditions for the establishment of a "constitutional state." They put political reform (e.g. the constitutional reform, electoral reform, laws on assembly and association, and law on referendum) on their agenda. However, they wished to carry out a liberalization policy without endangering one-party rule. Under the guise of reformist legislation, therefore, the conservatives tried to prevent the proliferation of oppositional organizations and activities, which could potentially challenge the party's monopoly of power, by prohibiting the formation of political parties and retaining the right to decide which independent organizations or assemblies were proper.

However, the conservatives' strategy was greatly constrained by serious disputes between the conservatives and reformers within the regime over the fate of independent organizations, and by increasing attack from the opposition. Under the circumstances, the MSzMP conservatives now tried to allow the functioning of "moderate" oppositional organizations and accommodate them into the official Patriotic People's Front. However, this strategy was soon frustrated due to the proliferation of oppositional organizations and proto-parties. Obviously, the visible conflict within the regime contributed to the surge of
independent political organizations of society. Although the Hungarian opposition, devoid of any formal power, still lacked a broad social base and was marked by a certain division, the MSzMP conservatives could no longer ignore the emergence of a de facto multi-party situation which obviously threatened the official one-party system. Now, the surge of independent political organizations, in turn, had the effect of further deepening the divisions within the regime, especially along the issue of one-party vs. multi-party system.

Therefore, unlike the conservatives' earlier calculation that they could strictly keep the process of liberalization within the framework of a one-party system, they now had to face the choice between restoration and democratization. The MSzMP conservatives opted for the latter, albeit limited in its scope, because they came to perceive that it would be less costly than repressive solution. For the conservatives, any attempt at restoration was considered too costly due to severe political and economic constraints they faced. That is, punitive sanctions against the reformers would possibly result in the split of the MSzMP into two parties. And given Hungary's heavy dependency on foreign trade, serious indebtedness, and the need for tough economic stabilization, Western economic sanctions, possibly resulting from repression of the opposition by force, would devastate the country's already difficult economy. On the other hand, the conservatives came to realize that, if they tightly controlled the transition to a multi-party system according to their own plan, they could maintain the dominant position of the MSzMP even under the conditions of a prospective multi-party system. That is, for the conservatives, limited democratization seemed less a risky and thus more workable solution than restoration.
2. The Emergence of Independent Organizations

As examined in the previous chapter, the Hungarian opposition in the 1980s had no links with the working class and was largely limited to a few hundred Budapest-based intellectuals calling themselves the "democratic opposition," the "national-populist" intellectuals whose relationship with the regime was somewhat ambivalent (both critical and conciliatory depending on the issues), and some student groups. Due to the depoliticization of society, the opposition's (especially the democratic opposition's) main focus was to broaden the opportunities of political communication between individuals and groups through the publications of samizdat journals rather than to try to engage in real political activities.¹

However, amid the declining Kádáríst legitimacy (and with the advent of Gorbachev's reformism in the Soviet Union), the Hungarian opposition began to demonstrate its increasing political activism. In the summer of 1987, the democratic opposition made a serious move by circulating a comprehensive reform proposal, "Társadalmi szerződés."² While there were no significant differences, in terms of the

¹ Laszló Rajk, Jr., one of the leading figures of the democratic opposition, pointed out that "the increased dependence on semi-legal and illegal economic activities had tended to loosen social solidarities and brought on an extreme privatization of action." As a result, the average Hungarians had shown a high degree of diffidence toward organized action, let alone any attempt to involve themselves in direct political action. Thus, the main tasks of the opposition until the mid-1980s were, by publicizing critical issues, "to stimulate the regime to make moves in a desirable direction and at the same time to help relevant groups of the population shape potential demands" [Personal Interview with László Rajk, Jr., June 20, 1991, Budapest].

contents, between reform proposals advanced by the MSzMP reformers and "Társadalmi szerződés,"3 the latter made quite a stir by calling for the resignation of Kádár, which signaled the surfacing of the opposition's more vocal demands for political change.4 However, the most notable change in the strategy of oppositional currents was that they began to organize themselves into independent organizations.5 This proved to be the beginning of a major shift in the configuration of Hungarian politics.

**Imre Pozsgay and the Hungarian Democratic Forum**

The initiative to establish an independent organization surprisingly came from a moderate section of the opposition. On September 27, 1987, a group of "national-populist" intellectuals organized an intellectual gathering in Lakitelek. Most of the

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3 The authors of "Társadalmi szerződés," while adhering in principle to the fundamental demands of 1956 (i.e., a multi-party system, national sovereignty, and neutrality in foreign affairs), conceded that these demands could not be put on agenda under the present geopolitical conditions. They wrote: "We have to take one-party rule as given and to accept certain prerogatives for the party. Our aim is to explore the possibilities for putting anew on the agenda the fundamental questions of our political life within these limits ... We are proposing an honest compromise -- much less than what we actually desire. Nevertheless, if it were realized, the way would be to an orderly development towards the goal of a democratic, self-governing, and independent Hungary" ([Ibid.], pp. 9-10).

4 "János Kádár was identified with the success during the period of consolidation, but now he is being identified with the failure ... There is one thing agreed by everybody, including workers and party cadres: the era of Kádárisim is over and Kádár should go" ([Ibid.], p. 4).

5 Zoltán Biró, a well-known writer and critic, saw the decline of legitimacy as the major impetus for the emergence of independent organizations. According to him, a "legitimacy vacuum" resulting from the failure of Kádárisim was a "golden opportunity" for the Hungarian opposition to begin to step into the hitherto forbidden zone, that is, the establishment of independent organizations [Personal Interview with Zoltán Biró, June 9, 1991, Budapest].
speakers at the meeting depicted the country as being in crisis and agreed that only a radical political reform could resolve the crisis situation. At the end of the meeting, the participants decided to set up the Hungarian Democratic Forum (Magyar Demokrata Fórum, MDF) in an attempt to establish a framework for the joining of "forces of renewal." The founding statement said:

The Hungarian nation was dragged into one of the most dangerous crisis situations in its history. Its national strength has cracked, its self-confidence and ties of cohesion have become tragically loose. The nation faces a crisis with a potential consequence of a total collapse of its economy. Hungary as an ethnic unity is divided to an unprecedented extent. Our nation lacks a commonly acceptable image of future. The country's socio-economic crisis, the lack of democracy, the inadequacy of the system of political institutions, the worsening problems of public morality, the alarming symptoms in cultural life and public education, and the concern for our survival were raised in the course of the meeting. The participants of the meeting, examining the prospects for the Hungarian nation, tried to find ways to get out of the crisis through necessary renewal and effective reforms in a spirit of common sense and thoughtfulness. With a sense of responsibility for the fate of the country and the Hungarian people, the participants felt that the establishment of frameworks that would enable the members of society to participate as true partners in the creation of a social consensus was both necessary and timely. The participants agreed that such a consensus could be achieved only if all progressive social forces joined hands. We believe that the crisis can be solved only through social participation, involving both society and the country's political leadership. The present system of political and social organizations does not secure the expression of autonomous and independent views. Therefore, the participants propose the establishment of a Hungarian Democratic Forum as an arena for sustained public discussion ... The participants envisage this forum as being open, and as having both a democratic and a national spirit ...

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6 The founders of the MDF included prominent populist writers such as István Csurka, Dénes Csengey, Gábor Czakó, Sándor Leszak, and Zoltán Biró.
We believe that we can extricate ourselves from the crisis through the broad collaboration of the forces of renewal.  

It is noteworthy that Imre Pozsgay, the leading figure of the MSzMP reformers, was instrumental in helping found the first independent organization of society since the communist takeover. Pozsgay became Minister of Culture in 1976, but, suspected of liberal and nationalistic leanings, he was demoted as General Secretary of the HNF whose role had hitherto been largely ceremonial as one of the transmission belts through which party policy was conveyed to society. Under Pozsgay, however, the HNF gradually emerged as an alternative platform for party reformers, professional groups, and others in academic and cultural establishments. Diverging from the old Kádárist leadership, Pozsgay appealed for a national debate on the future of reform. His advocacy of radical political reform increasingly drew great support among the party intellectuals and reform economists, but at the same time caused some stir and controversy within the party leadership. He had been especially emphatic in the assertion of the need for the free formation and operation of independent organizations.  

At the Lakitelek meeting, Pozsgay and some prominent MSzMP reformers (e.g. Mihály Bihari, Csaba Gombár, István Schlett, László Lengyel, etc.,) were invited. More

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8 Pozsgay's main career includes such positions as Deputy Director of the Central Committee's Institute of Social Sciences (1967-69); Editor of the party's theoretical monthly Társadalmi Szemle (1970-75); Minister of Culture (1976-82); General Secretary of the Patriotic People's Front (1982-88); Central Committee Member since 1980.

9 Personal Interview with Imre Pozsgay, June 18, 1991, Budapest.
importantly, Pozsgay addressed the meeting as the main speaker. He emphasized the importance of the meeting by saying that Hungary would not be able to solve the crisis without a "society built from below" by the initiatives of its citizens. He also spoke of the need for dissident opinions to be heard, and urged the authorities to be engaged in a "dialogue" with all forces of society, which were committed to the democratic transformation of Hungary.\(^{10}\) In an interview with the HNF's daily on November 14, Pozsgay first publicized the Lakitelek meeting. Until then, the establishment of the MDF had received no media coverage, although its founding statement was submitted to the Hungarian Press Agency (MTI) and Prime Minister Károly Grósz.\(^{11}\) Thus, Pozsgay's most important contribution as head of the HNF was his support for the founding of the MDF. This proved to be the first step towards the dismantling of the MSzMP's monopoly of power.

On November 10, the organizing committee of the MDF issued a follow-up statement that urged the "reform-oriented" politicians to separate themselves from those members of the party leadership who had lost their real judgment and had led the country

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\(^{11}\) The MDF's founding statement at the Lakitelek meeting was, in fact, made public as part of Pozsgay's interview. Contrary to the party's labeling it as "oppositional meeting," Pozsgay described the meeting as a "friendly gathering, an exchange of ideas that was initiated by several intellectuals who have a sense of responsibility for the fate of country." See "A közmegegyezés hajszálerei: Pozsgay Imre az állampolgári öntevékenységről, egyesületekről -- a lakitelki találkozóról" [The Fine Forces of Consensus: Imre Pozsgay on Citizen's Initiatives and Associations -- On Lakitelek Meeting], \textit{Magyar Nemzet}, November 14, 1987.
to the political and economic crisis. The MDF's statement called for the MSzMP reformers' active participation in the forums that would discuss and promote the reform. According to the statement, the continuation of dialogue could provide the reformers with the opportunities to reach out to a wide variety of groups and individuals, thereby creating a solid social basis for their activity. Thus, the MDF made it clear that it was willing to cooperate with the reform wing of the MSzMP.

One notable thing about the Lakitelek meeting was that the members of the democratic opposition were not invited to the meeting. Pozsgay was often blamed for the exclusion of the radical segment of the opposition at the meeting. But the dispute between the "populists" [népi] and "urbanists" [urbánus] lay in the differences in their fundamental values and orientation. The roots of the "populist" versus "urbanist" cleavage went back to the 1930s and early 1940s, and the resurgence of differences was neither artificial nor accidental. The substance of the old and, to some extent, the new differences lay in the fact that the "populists" were predominantly from the rural areas, fundamentally nationalist in outlook and sometimes anti-Semitic, while the "urbanists" were city-


13 The prime reason behind Pozsgay's support for the founding of the MDF and his presence at the Lakitelek meeting may be that Pozsgay (and the MSzMP reformers) considered seriously the possibility of a future alliance with the MDF. Pozsgay at the time envisioned the emergence of an "alliance-based power bloc" of politically organized reform forces and movements, a bloc in which the MSzMP (dominated by the reformers) would win and maintain its "dominant role." See Imre Pozsgay, 1988. Esélyünk a reform [Reform is Our Chance]. Győr: Hazafias Népfőnt, pp. 109-110. The possibility of a future alliance between the MSzMP reformers and the MDF played a significant role in the conclusion of negotiations between the regime and the opposition in the summer of 1989.
dwellers, liberal intellectuals, and often Jewish. This fact played a role in the exclusion of the democratic opposition at Lakitelek and in the division between the moderate and radical segments of the opposition in the later phase of the transition. In any case, the establishment of the MDF played a pioneering role in the struggle for the broadening of political rights and the creation of the germs of political pluralism in Hungary.

**Other Independent Organizations**

Claiming that their activities were protected under the Constitution, several loosely organized independent groups surfaced on the political stage in the twilight months of the Kádár regime. The Federation of Young Democrats (Fiatal Demokraták Szövetsége, FIDESz) was set up in early April of 1988 as an organization for young people which aimed at ending the monopoly of the Communist Youth League (Kommunista Ifjúsági Szövetség, KISz). It was the first attempt to organize a politically oriented group for young people independent of the official youth league. The 37 founders, mostly university students and young intellectuals, issued a statement that the FIDESz was committed to "founding a new independent social alliance that would group politically active, radically reform-minded youth groups and individuals." The statement said that the FIDESz would operate in accordance with the Constitution and that its activities would be directed at "building a new Hungary based on pluralistic democracy." It also called on the KISz to

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support "every initiative that would enrich the political representation of young people."\textsuperscript{15}

On May 1 the "democratic opposition" established the Network of Free Initiatives (Szabad Kezdeményezések Hálózata, SzKH) in order to facilitate the continuous flow of information among the various new movements and organizations.\textsuperscript{16} According to the statement adopted at the founding meeting, the short-term goal of the organization would be the creation of a "broad forum" for all independent groups and the mutual strengthening of these groups. But it stressed that its long-term objective would be political pluralism and a multi-party system in Hungary, which should be achieved by peaceful means. The statement also made it clear that the founding of the SzKH would be the first step in building up a framework for a "genuine political opposition."\textsuperscript{17}

\textsuperscript{15} The first official reaction to the formation of the FIDESz came from the government daily \textit{Magyar Hírlap} (April 9) that described the organization's activities as "illegal and anti-state." A few days later, five members of the FIDESz were summoned at the chief prosecutor's office. The FIDESz members argued that the FIDESz based its activities on the right to assemble or form social organizations -- a right guaranteed by the Hungarian Constitution. They also rejected the charge that they had violated the Youth Law of 1971. They pointed out that the law stipulated that the KISz was the "unified" (in Hungarian word \textit{egységes}) body to represent young Hungarians. However, the law did not say that the KISz had to be the "sole" (\textit{egyetlen}) representative of young people. See Ervin Csizmadia, 1991. "Rendszerbomlás és ellenzékség" [System Disintegration and Opposition], unpublished manuscript, Budapest.

\textsuperscript{16} Most of the founders of the SzKH were the "hard-core" dissidents who had edited underground publications for several years, including János Kis, Gábor Demszky, László Rajk, Jr., György Konrad, Miklós Szabó, etc.,

\textsuperscript{17} Csizmadia, \textit{op. cit}. On May 9 police raided the headquarters of a dissident publishing operation near Lake Balaton and confiscated 1,500 copies of the samizdat journal containing statements and articles from several activist groups that joined the SzKH.
The party's monopoly of organizational life was challenged on another level by the founding of the Democratic Trade Union of Scientific and Academic Workers (Tudományos Dolgozók Demokratikus Szakszervezete, TDDSz), Hungary's first independent labor union since the communist takeover. At the founding meeting on May 14, the new union announced that it had 1,026 members, most of whom were faculty members from universities, scientific researchers of the Hungarian Academy of Sciences, and unemployed scholars. The new association accused the official trade union of being anti-democratic and of failing to represent the workers' interests. But it maintained that it was not a broadly based political movements like Solidarity in Poland, but a social interest group aimed at representing its members' professional interests.¹⁸

These loosely organized independent groups, of course, had very little organizational and financial resources. And given the widespread political indifference of the population, their mobilizing capacity was highly questionable. However, the fact that there emerged independent organizations outside the official organizational framework, which called themselves "alternative organizations" [alternativa szervezetek], was obviously a potential challenge to the MSzMP's monopoly of power.

¹⁸ A steering committee of the TDDSz included the prominent sociologists Zsuzsa Ferge and Elemér Hankiss, and historians György Kerekes and Péter Hanak (both MSzMP members). Hankiss said that the main significance of the independent union lay in demonstrating that "every social group or segment can take action on behalf of its own interests." See Héti Világgazdaság, May 14, 1988, pp. 10-11.
3. The MSzMP's Search for "New" Consensus

By the end of 1987 and early 1988, the situation in Hungary was widely described as fluid and decaying. The deteriorating state of the economy and the subsequent need for tough economic stabilization, as well as the ferment in intellectual life, began to influence the party membership, which was increasingly demoralized by the country's changing mood. In the meantime, Kádár carried on as if nothing out of the ordinary was happening. He, in fact, steadfastly denied that there was an actual crisis in Hungary, speaking instead of a number of "difficulties and contradictions" that, in his view, were of a "temporary" nature and thus could be solved in the future. He even said that "the actual situation is better than the mood, and it is better than being portrayed in the media."\(^{19}\) This evaluation, however, ran contrary to that of the vast majority of the population, including the party members.

Under the circumstances, there was a sense of urgency among the younger generation of top party echelon that something would have to be done in order to prevent the potential political crisis. This change of mood among the party elite was clearly reflected in the Central Committee's decision to convene an "emergency" national party conference in May 1988. The Central Committee also recognized the need for "consistent and comprehensive" reforms to resolve the emerging socio-political tension resulting from the country's economic difficulties. It noted:

\(^{19}\) *Népszabadság*, January 13, 1988.
The work of socialist building is not devoid of conflicts of interests. Social conflicts are to be resolved and socialist society renewed through reforms ... The reform moves have to be extended to all spheres of society. The party has a key role in the process of implementing consistent and comprehensive reforms.\(^{20}\)

It was in this context that catchwords such as "new" consensus or "new" harmony frequently appeared in the party lexicon and in the media, and that the issue of political reform as a new basis of party legitimacy was raised by the younger generation of political leaders.\(^{21}\) This undoubtedly reflected the MSzMP elite's loss of confidence in the Kádárist legitimation formula, even Kádár still remained at the helm.

**The Central Committee's Proposal for Political Reform**

The discussion of political reform within the MSzMP was heavily influenced by the ideas and suggestions from the MSzMP reformers. But the political reform advanced by the MSzMP's conservative elite was different, to a great extent, from the one envisaged by the reformers in terms of its scope and direction, and this explains the conflict between two groups in the later period of 1988. In any case, the Central Committee at the end of March 1988 proposed, as the basis of a "new" consensus (euphemism for legitimacy), political reform which ranged from the democratization within the MSzMP to the

\(^{20}\) "Közlemény: Az MSzMP Központi Bizottságának 1987 December 8-I üléséről" [Communique on the December 8 Session of the MSzMP Central Committee], *Népszabadság*, December 10, 1987.

improvement of "socialist legality." The Central Committee document starts with the reinterpretation of the party's "leading role" that had been increasingly challenged by the critics of the regime.

a. The Party's "Leading Role"

The party's self-image of "vanguard" originally derived from the Lenin's thesis that (I) only the Communist Party has a truly scientific knowledge and correct philosophy of society, and thus represents the general interest of society; (ii) exclusive possession of the only correct ideology and scientific world outlook makes the Communist Party the only political organization qualified to hold and exercise exclusive power. But given the unimpressive records of the party leadership in the promotion of socioeconomic development especially in the 1980s, the validity of the party's claim to its right to rule was seriously doubted. Does it make sense to talk about the party's "leading role" in an environment where the party itself was increasingly blamed for the present difficult state of affairs? Here arises the party's "identity problem." Naturally, the main question was what the party's "proper" role should be under the current circumstances.

The Central Committee document defined the party's "leading role" as "determining the chief trends of social development, specifying the fundamental principles

22 "Az MSzMP Központi Bizottságának állásfoglalása: Az országos pártértkezlet -- tervezete" [The MSzMP Policy Position for the National Party Conference -- Draft], Népszabadság, March 31, supplement.

that serve to protect the socialist system and legality, outlining the directions for the development of the national economy, influencing the intellectual and ideological life of society, and improving the state of morality. Obviously, the party had no intention to relinquish its "leading role," which seemed to have different meanings in different contexts.

What needs to be changed, according to the document, was the "manner" in which the party's "leading role" is asserted. That is, the party should assert it by employing "political and ideological means." What it meant was that the party should use as few "executive" means as possible, and that every party activist should exercise his own political and ideological influence in his own field and assert the party line through "indirect" means, that is by "convincing people." But what if people were not convinced? Will, then, the party return to "executive" methods? Above all, how the party's "leading role" through these ill-defined "political and ideological" methods could be asserted in practice was anybody's guess.

b. The Democratization within the Party

The Central Committee document proposed that the MSzMP adopt internal democracy in order to create suitable conditions for the effectiveness of the party's "leading role." One of the measures advanced for democratization within the party was the introduction of the new system of party elections that included the extension of multiple candidacies, secret ballot at every level, and imposition of limited terms for party officials. It was also suggested that a certain percentage of the members of the party's
leading bodies should be elected by the basic organizations, which could also recall them if needed.

In addition, the Central Committee document stressed more extensive participation of party members in preparation, implementation, and supervision of political decisions. According to the document, party members should be regularly informed about the work and decisions of the Central Committee and its executive bodies, and the basic party organization should be allowed to voice their opinions on major proposals in advance and to initiate discussions with leading party bodies on issues they consider important. The personal political responsibility for those involved in the implementation of decisions was also emphasized.

However, the document's forceful call for discipline and ideological unity seemed to contradict the party's democratization. That is, it still adhered to "democratic centralism" as the party's organizational and operational principle, which above all prevented the surfacing of a plurality of interests and views and the formulation of criticism of decisions once they have been adopted. Party members, the document said, should not voice views outside party forums, which differ "in spirit" from the adopted resolutions, and should not organize factions that support their differing views. Noting that there had been an increase in "bourgeois, conservative, and antisocialist views" in public thinking, the document asked the party members to fight against these views by publicizing a "socialist" world outlook and by means of ideological unity. But its stress on ideology seemed strangely out of place given the minimal role of ideology in the regime's legitimation, or its role as a negative force in the process of reform reversal in the early
1970s. In any case, the document's emphasis on discipline and ideological unity clearly overshadowed the seemingly promising proposal for democratization within the party.

c. The Reform of Political System

The proposal for reform of the political system, outlined in the Central Committee document, emphasized the need for the division of labor between the party, the state, the representative organs, and the mass organizations and movements, as well as the establishment of democratic relations between the state and the population by improving "socialist legality." But the proposal was a strange combination of the party's concessions and demands, in which more emphasis was placed on the latter. For example, the document said that state organizations should play a "determining" role in solving economic, social, cultural, and defense tasks. Even so, the party should continue to "influence" the state's functioning and "enforce" its political positions through the activities of party members holding state offices. Concerning the role of the National Assembly, the document stated that its main task should be to draft legislation, to coordinate social interests, and to control the implementation of laws and work of the government. But, at the same time, the communist deputies should "promote" the party's policies through "convincing arguments."

The party's paternalistic attitude also applies regarding the role of public organizations and movements. According to the document, the trade unions should "genuinely" represent and coordinate their members' interests, and participate in key political, social, and economic decisions. It also suggested the need to improve the
political and legal conditions for the promotion of trade unions' interests. But, at the same time, it emphasized the trade unions' responsibility in supporting the socialist system and in helping the activity of "socialist construction." Concerning the role of the HNF, the document said that it should function as a "political forum" for those who accept "socialist construction" and want to participate in public life. Although the party would take into considerations the political and ideological diversity that the HNF movement represents, the HNF should make efforts to achieve the party's main goals and to win allies, added the document. It also called upon the KISz to be "resolute" in promoting the interests of young people and to work out independent proposals on youth issues. While the party, the document said, should respect the organizational autonomy of the KISz, the former should "directly" guide the latter by "political means."

In order to create democratic ties between the state and the public, the document called for the revision of the Constitution in order to clearly define the ways in which citizens exercise their rights and duties. It was also suggested that the rights of assembly, associations, and guarantees for the protection of individual and collective rights should be regulated by law, and that a law should be drafted on the organization of national and local referenda. The document added that the electoral law should be modified to enable various organizations and interest groups to participate in the process of nominating candidates.

According to the document, "social openness" was an essential condition for the reform of the political system. It suggested that more extensive information on state and political decisions as well as the party's activity should be supplied to the public on a
regular basis. At the same time, however, the party should "increase" its political influence in the mass media through methods of "principled guidance." The document also stressed, in a strong tone, the responsibility of those working in the mass media: they should provide greater assistance in the struggle against the phenomenon that "corrupts" the general public mood and "discredits" the integrity of public life and society's sense of justice.

d. The MSzMP Engaged in Debates

As examined above, it was highly questionable whether the MSzMP elites, as they claimed, recognized the need for a genuinely new way of thinking and tried to seek real compromise between the regime and the population. Above all, the Central Committee's document contained many contradictory elements, and this reflected the general mood of the debates in which the basic party organizations and other public organizations (such as the HNF, the KISz, the trade unions, etc) discussed the Central Committee document in early April of 1988. Contrary to the party conservatives' wish to forge party unity, the debates in fact helped radicalize and fragment the party to a great extent. And unlike their expectations, the level of generally apathetic party members' involvement in the debates was unusually high, and more importantly they were strongly critical of the Central Committee document on its excessively generalized and inconsistent statements. Some of their demands included the immediate introduction of a new election system within the party; the reconsideration of "democratic centralism" and guarantee for "minority views"; a more accurate definition of the party's "leading role" concerning its tasks, functions, and
responsibilities; a clarification of ideology; an institutional guarantee for "real" partnership relations between the party, the state organs, and the public organizations; and a mechanism that would place the party leadership under great supervision by party members as well as by public organizations.\textsuperscript{24}

The strongest criticism, understandably, came from Pozsgay's HNF that considered the Central Committee document "inadequate."\textsuperscript{25} According to the HNF's statement, the document portrayed the HNF's role as the carrier of "unidirectional" party's will. If this were the HNF's role, it would lose society's support and consequently the reason for its existence. Reminding the party leadership that the vast majority of Hungarians were not party members, and that they did not want to be treated as "second-rate" citizens in public life, the HNF declared its role as an "independent" institution that could establish "true" partnership between party and non-party members. The HNF also called for a profound analysis of the path that the party had taken in the past four decades in order to understand the causes of the current country's crisis and to avoid further mistakes and false judgments.\textsuperscript{26}

\textsuperscript{24} Népszabadság, April 25, 1988.

\textsuperscript{25} Magyar Nemzet, April 23, 1988.

\textsuperscript{26} This analysis of the party's past had an important implication for the Hungarian transition. The May conference, at Pozsgay's request, set up a working committee (comprised of Pozsgay's close allies and prominent party reformers such as Iván T Berend, István Huszár, and Mariá Ormos) whose task was to sum up the lessons of the party's past. Later Pozsgay's manipulation of the committee's finding, especially on the issue of 1956, played a decisive role in the party conservatives' acceptance of a multi-party system.
Whether it was anticipated or not, Kádár had to confront a devastating summary of the real opinions expressed by the party's rank and file, when the basic party organizations were asked to take a stand on the Central Committee document. The most debated issue was the question of personal political responsibility, that is, who was responsible for the mistakes that had led Hungary into its current crisis situation. In this regard, Kádár and his old "cronies" in the Politburo were made to take the whole blame. Kádár, so popular only a little while ago, began to be openly criticized at party meetings and in the media. In the eyes of the party membership and the general public alike, the once vital leader now looked more and more like an impediment to the urgently needed changes to pull the country out of its quagmire. At the same time, Kádár's rule as the best solution or his role as the indispensable shield against the Soviet intervention lost validity in the era of glasnost and perestroika. Kádár became a man of the past, and now the question was who would replace Kádár.

**The Leadership Succession**

There were three potential contenders for the leadership succession -- Imre Pozsgay, János Berecz, and Károly Grósz. Pozsgay, General Secretary of the HNF, challenged Kádár's rule by advocating a program of radical political reform. He had enormous support among party intellectuals, reform economists, and "national-populist" intellectuals. But he lacked a support base within the party apparatus because of his

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radical stance; thus, he was considered a "long-shot." Berecz, the Politburo member and
Central Committee Secretary in charge of ideology and propaganda, had a substantial
backing in the party apparatus and excellent contacts in the Soviet Union. As the regime's
prime apologist for the violent suppression of the 1956 "counterrevolution," Berecz was
considered as Kádár's ultimate protégé. Berecz thought that Kádár would hang on until
the next party congress (scheduled in 1990), and then he could be his undisputed
successor. Berecz certainly underestimated the deteriorating mood within the party, and
his chances disappeared, as Kádár had to abruptly step down. Thus in the succession race,
Prime Minister Grósz became an almost natural choice.

a. The Ascendancy of Károly Grósz

The man who won the battle to succeed Kádár was a "seasoned" party politician.
Joining the party in 1945, Károly Grósz followed the trajectory of the classic party
apparatchik.28 A member of the Central Committee since 1980, he was admitted to the
Politburo in 1985, and ever since had been considered one of the leading contenders to
succeed the aging Kádár. As head of the Budapest party committee, Hungary's largest
party organization that had about 220,000 members, Grósz built up his authority as a
hard-working, energetic, and outspoken leader. He condemned the government's false
egalitarianism, and advocated economic efficiency and stricter labor discipline. But at the

28 Grósz' major career positions include Party Secretary for Hungarian Television and
Radio (1962-68); Deputy Head of the Agitprop Department of the Central Committee
(1968-73); First Secretary of the Fejer County party committee (1973-74); head of the
Agitprop Department (1974-79); First Secretary of the Borsod County party committee
(1979-84); and First Secretary of the Budapest party committee (1984-87).
same time, he saw no need for political reform, and instead called for tighter party control and direction for better results and efficiency. This earned him a label of "hard-liner," and party intellectuals, in particular, worried about his rise to power.29

The chance for Grósz' stepping up came in June 1987, when he was offered the Premiership by Kádár. Some then viewed the appointment as a "poisoned gift" from Kádár to a potential successor. That is, in order to block the increasing challenge from Grósz, Kádár attempted to set up Grósz to take unpopular austerity measures, and thus make him a principal target for popular discontent. Grósz was expected to fail; then he could be easily demoted or dismissed.30 But this seemingly shrewd ploy backfired. Grósz took up the challenge and his Premiership in fact became a springboard to the party's highest position.

Grósz lost no time in establishing his personal authority as a pragmatic and dynamic leader. He made the rounds of five counties, circulating the government's program of stabilization. By his own account, he had spoken at about 60 forums, and by mid-August consulted with 2,000-2,500 officials in the government agencies and the party for their suggestions.31 The turning point for Grósz' rise was his presentation of the

29 Grósz had not been among the party reformers. In the early 1970s, when an offensive of the so-called "workers' opposition" forced a slowdown and eventual abandonment of the economic reform launched in 1968, Grósz was in their camp. See Richard Kemeny, 1988. "Hungarian High Politics on the Eve of the Party Conference," Radio Free Europe Research, Background Report/70.


government’s stabilization program in the autumn session of the National Assembly.

Grósz’ frank and forceful speech and Kádár’s repetitive and self-serving speech in a nationally televised broadcast made a real sensation. The striking contrasts between a relatively young, dynamic leader and a cautious, hesitating old-timer at the end of his career convinced the party and the public in general that Kádár was a tired old man.32

Grósz indeed seemed to be determined to tackle Hungary’s mounting economic problems. After the parliamentary session, Grósz continued to hold meetings with county officials and enterprise managers in an attempt to rally support for his government’s program. In addition, he made a highly successful official visit to West Germany and brought back a credit of DM 1 billion. During his visit to London, Grósz expressed his sincere admiration for Prime Minister Thatcher and the “valuable lessons” of the British experience in tackling industrial restructuring for Hungary.33 The central topic of Grósz’ much-publicized meetings and foreign visits was economics, and he tried to present himself as a committed reformer, at least in the sphere of the economy.34

As regards to the prospects for a rapprochement between the authorities and the opposition, Grósz expressed his willingness to consult with and pay attention to the views of everyone, including the critics and dissidents. He said that everyone in Hungary had the

32 Schöpflin et al, op. cit., p. 32.


34 Even the democratic opposition’s samizdat journal Beszélő gave high marks on Grósz’ advocacy of economic reform. See its editorial "Országgyûlés útan" [After Parliament], no.3, 1988, pp. 7-8.
right to voice "differing views," and that the mere fact that people think differently did not make them "enemies" of the regime. For Grósz, their views in many instances were useful and brought the real problems to the government's attention, thus the government appreciated their help in pointing out its weakness. But this was as far as the rhetoric of "dialogue" went. Time and again Grósz has publicly cautioned the "opposition" or the "enemy," occasionally using the terms interchangeably, that things would not be allowed to get out of control. Grósz, for example, in a meeting with enterprise managers in Gyor, said that more "extremist elements" had emerged on the political stage. He accused the opposition of spreading "the most baseless lies" and "alarmist news," and of denigrating the leadership through "ill-intentioned accusations." He warned that no one was allowed to use "dishonorable methods," or damage the nation's interests, and that the authorities had the means to prevent such actions. Further confirmation of this perspective came in a meeting with church leaders discussing the problem of Hungarian minorities in Romania, in which Grósz said:

In Hungary today, there exists a political grouping which intends to use the regretful phenomenon for disturbing and overturning the social order and calm. It is strongly nationalistic in character ... The government takes a determined stand against them and rejects them -- using for the time being, the means at our disposal from the political and intellectual armory. If this does not yield results, then we shall also make use of the tools of power ... I have to say that the disorders that in the past months and even the past year exploded almost


36 This was the direct reference to the Lakitelek meeting that was organized by the "national-populist" intellectuals in September and attended by Pozsgay and some party reformers. See Budapest Domestic Service, November 12, 1987, translated in *FBIS-EEU*, November 13, 1987, p. 25.
simultaneously into our lives will be prevented by administrative measures, and their organizers will be punished.37

This statement was Grósz' response to the increasing activity of the MDF and also a warning against the possible oppositional gathering at the upcoming celebration of Hungary's 1848 revolution against the Habsburg empire.38 Whether he was bluffing or not, Grósz' remarks clearly reflected his tough, uncompromising line against the opposition.

As seen above, Grósz succeeded in projecting himself as a leader who combined an economic program to rescue the ailing Hungary's economy and determination to restore "law and order." In addition, there was some evidence that Grósz, the enthusiastic supporter of Gorbachev, had already received Moscow's blessing.39 Grósz also stood to benefit from the party rank and file's increasing criticism of Kádár. In an interview at the end of April, Grósz did not conceal his intention to become the party leader, bluntly saying that "biological laws" affected the ability of the old politician to cope with his workload, and that he should be able to retire.40


38 Under communist rule, the anniversary of the March 15 Revolution, though no longer considered an official holiday, continued to be celebrated by the regime, claiming that Hungary's current rulers were the legitimate heirs of the revolutionaries of 1848. On the other hand, the Hungarian opposition has used March 15 as an occasion to organize protests against the regime.

39 Richard Kemeny, op. cit.

40 "Miniszterelnök Grósz Károly nyilatkozata a Magyar Hírlapnak: Az új közmegegyezés" [Magyar Hírlap Interviews Prime Minister Károly Grósz: The New
b. The MSzMP's May Conference

In early May Kádár, sensing his defeat, informed Grósz of his intention to resign and proposed Grósz to be his successor. Consequently, a deal was made at the May 17 Politburo meeting on the composition of the new leadership. That is, (i) Kádár would become Party Chairman, a new but purely ceremonial post; (ii) Grósz would take the positions of both the General Secretary and the Prime Minister; and (iii) the new Politburo would comprise five newcomers including party reformers Pozsgay and Nyers, but nine former members would be retained, including Kádár's old "cronies" such as Gaspar, Havasi, Óvári, and Károly Németh. But surprisingly, the agreement on the new Politburo line-up was not honored by the delegates who gathered at the "emergency" party conference on May 20-22, 1988.

For the first time in party history, the party delegates did not follow the prepared scenario. Speaker after speaker at the conference gave vent to the accumulated frustration and resentment of the membership on Kádár leadership. It turned out to be the "apparat coup," as evidenced in the secret election of the 113 candidates for Central Committee, which was put forward by the Nominating Commission. Election results dealt a rude shock to the Kádár loyalists. Five of the candidates had failed to receive the required votes (over 50%). They included the four Kádár's "cronies" slated to become Politburo members according to the "stage manual." Moreover, one-third of the total Central Committee membership (37 out of 108) were entirely new. After the stunning Central Consensus, *Magyar Hirlap*, April 28, 1988.

41 Schöpflin et al., *op. cit.*, p. 37.
Committee election, the new 108-member Central Committee met in closed session and elected members of the Politburo and Grósz as General Secretary. The new Central Committee reduced the Politburo from 13 to 11 members and the average age dropped from 60 to 52. Eight of the body's most long-standing members were removed and only five incumbents, selected in 1985 or 1987, were reelected. For the first time ever, the Politburo had more new members than holdovers.42

Kádár, the exceptionally shrewd politician, who was considered the symbol of the "golden mean" and had become accepted as the national leader, was suddenly gone. Hungary now entered the post-Kádár era with the new party leadership, whose nucleus would be formed by two conservative leaders (Grósz and Berecz) and two maverick reformers (Pozsgay and Nyers). Would they maintain their "unity in diversity" in the wake of the country's economic dislocation, falling living standards, and socio-political tension? On the threshold of the post-Kádár era, the outlook was for more turbulence and more open political struggles, with unpredictable consequences for Hungary's domestic political order. But one thing seemed certain: with Kádár's "old" consensus destroyed, the new leaders were bound to pay a different, but higher political price for a "new" consensus.

c. The Post-Kádár Leadership: A New Beginning?

The winner at the May party conference was Grósz, who now occupied the positions of both General Secretary and Prime Minister. But it was still questionable

whether the rejuvenated leadership under Grósz would make a genuine break with the past and would commit itself to radical political change. Since, above all, there still remained a certain degree of uncertainty regarding the scope, pace, and direction of political change.

In an interview immediately following the conference, Grósz declared that the May conference would signify a "new beginning," since it adopted a policy statement that contains a "new" political concept. This policy statement, for Grósz, was "sufficient and clear in outlining the major direction of change." Moreover, the new Politburo, in Grósz's view, would very quickly become a "united" body, since the members were committed to the reform process. But given the imprecise nature of the policy statement and heterogeneous composition of the new leadership, Grósz' observation was highly dubious.

The policy statement, adopted at the party conference, was the slightly revised version of the original Central Committee document examined above. One of the notable changes was the MSzMP's admission of its responsibility for past mistakes. In this regard, the conference set up a working committee to analyze the party's past in order to find the causes of current difficulties. Another change added to the final version was the immediate introduction of the new system of party elections (rather than starting from 1990). Concerning the role of public organizations, more emphasis was placed on the involvement of these organizations in major political, social, and economic decision making. Despite these modifications, the final document fell short of the strong demands of the party's rank and file voiced at the party debates.

The main provisions of the policy statement included (i) democratization within the party, together with the habitual call for ideological unity and discipline; (ii) relative autonomy given to state and other organizations such as the HNF, the KISz, and trade unions, but based on the party's "leading role"; (iii) promise of improvement in "socialist legality"; and (iv) some widening of freedom given to the mass media, but under "party guidance." In short, the policy statement, which aimed at providing some guidelines for the direction and scope of change, was still imprecise and inconsistent, and many questions remained unanswered. That is, how the party's "leading role," which was still open to many interpretations, should be understood in practice? What kind of "socialism" were the communists supposed to build in an environment where large scale of unemployment was considered "unavoidable" and private property played more and more an important role in the economy? How could the party's "leading role" (or "party guidance") and autonomy for the state and other organizations could be reconciled in practice when the two collide? To what extent should citizens' rights be allowed?

Table 3.1 Political Cleavages of the MSzMP Leadership, as of May 1988

<table>
<thead>
<tr>
<th>Conservatives</th>
<th>Middle-of-the-Roaders</th>
<th>Reformers</th>
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<td>Berecz (P,S)</td>
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Note: In parentheses, P denotes Politburo member and S denotes Secretariat member.

44 "Az MSzMP pártertekezletnek állásfoglalása" [Policy Statement for the MSzMP Party Conference], Népszabadság, May 23, 1988, supplement.
The composition of the MSzMP leadership, which maintained a precarious balance as shown in Table 3.1, made the future course of change more uncertain. On the one side, there were the conservatives who tried to defend their power as much as possible and keep the changes within the framework of a one-party system. The leading figures in this group were General Secretary Grósz, the Politburo members and the Central Committee Secretaries Berecz (in charge of ideology) and János Lukács (in charge of cadre matters), and the Central Committee Secretary György Fejti (in charge of security affairs). On the other side, there were the reformers who sought to reestablish the regime's legitimacy by introducing radical political reforms. Pozsgay, the leader of MSzMP reformers, was increasingly attracted to the idea of power sharing based on compromise. Nyers, the long-time reformer and originator of the NEM of 1968, was also promoted to the Politburo. Other members of the MSzMP leadership were technocrats and bureaucrats of modest and as yet unproven competence, who were ready to change their allegiance according to the shifting balance of power within the regime.\footnote{For example, Németh (the Politburo member and Central Committee Secretary in charge of the economy), who was widely recognized as Grósz' protégé, aligned himself with the party reformers in 1989. Hamori (the Politburo member and General Secretary of the KISz) and Szűrös (Central Committee Secretary in charge of foreign affairs) also joined the reformist camp in the second half of 1988 and 1989, respectively [Personal Interview with Imre Pozsgay, June 18, 1991, Budapest].} Thus, the heterogeneous composition of the new party leadership already bore the seeds of future conflicts, which were still kept under the surface.

Where, then, did Grósz' optimism come from? In other words, on what grounds did Grósz predict that the party leadership would soon reach unity? First of all, the
inclusion of two maverick reformers, Pozsgay and Nyers, into the Politburo was designed by the conservatives to enhance the MSzMP's reformist image.\textsuperscript{46} But it would be mistaken to regard this as the party conservatives' recognition of the need for radical political change. Second, Grósz calculated that he could easily neutralize Pozsgay by coopting him into the leadership, since the party conservatives very much controlled party policy. As will be seen later, however, Grósz' optimism and his calculation proved wrong.

4. The MSzMP Conservatives' Attempt at Limited Liberalization

The MSzMP's conservative wing tried to solve the problem of legitimation in the period of tough economic stabilization by making some political concessions to society. Obviously, the implementation of the economic stabilization program had significant political implications. As seen in the previous chapter, the economic measures required to rescue the ailing Hungarian economy would impose great burdens on society and further undermine public trust in the regime. From this, some questions naturally arose. Would it be possible to mobilize mass support, indispensable for the success of stabilization program? What could the regime offer as compensation for hardship (e.g., price increases, reduction of consumption, unemployment, etc.) necessarily accompanying the

\textsuperscript{46} It was Grósz who protected Pozsgay in early November 1987, when Pozsgay made some stir in a controversial interview, in which he publicized the Lakitelek meeting that was officially considered as an "oppositional" meeting. Kádár was furious and personally wanted to impose severe disciplinary measures for Pozsgay's interview. But Kádár's attempt was thwarted by Grósz who argued that it would tarnish the regime's image. As a result, Pozsgay received a written reprimand from the Politburo [Personal Interview with Pozsgay, June 18, 1991, Budapest].
implementation of the stabilization program? Would the population called on to make further sacrifices obtain political rights?

It seems, however, that the political issues surrounding the implementation of economic stabilization were not yet strongly felt by the MSzMP conservatives in the initial phase of stabilization. The reason may be that they underestimated the scale of economic problems and were overconfident of the prospects for successful economic stabilization.

For example, Grósz, referring to the country's indebtedness, forecast that the hard currency debt would not grow by more than $500 million in 1988 and $250 million in 1989. According to him, Hungary would be able to reduce it to zero in 1990, and it would be possible to stop the process of indebtedness by 1991. This optimistic forecast was also applied to the problem of inflation. Grósz predicted that the inflation rate would remain around 15% in 1988, decline to 7-8% in 1989, and decrease further in 1990.47

The Central Committee Secretary György Fejti, Grósz' long-time friend and his chief advisor, also answered the question of social support for the stabilization program in the following way:

We have to carry this heavy burden and we must stop the downward economic trends. We can expect the people's mood to change when the benefit of the efforts can be seen, even if this is not expressed directly in standards of living or in living conditions but in economic output -- that is, if certain branches do really get going, if we are able to come out with new products, if our financial relations become more stable. If in addition to this we are able to keep inflation in check, if we are able to maintain a relatively acceptable supply of goods, then

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I think that the majority of the people can be lined up behind the stabilization program, the mood can be consolidated.48

Fejti's main reasoning was that once the economic problems were solved, other social and political problems would vanish automatically. That is, the MSzMP conservatives still opted to approach the essentially political question in economic terms. This attitude in part accounts for the conservatives' reluctance to offer genuine political concession to society. By the end of 1988 and early 1989, however, the difficult task of economic stabilization became a real factor in limiting the conservatives' options and contributed to their making further political concession.

The MSzMP conservatives' rhetoric following the May conference was to create the conditions for the establishment of a "constitutional state." The communique issued at the first Central Committee meeting after the party conference acknowledged that the "old" consensus, largely built on the improvement in the standard of living through consumerism, began to vanish as Hungary's economy had deteriorated in the past several years. According to the communique, the guarantees of a "constitutionalism" would be the basic pillar of the "new" consensus. It stressed that the MSzMP would carry out a variety of political reforms including the constitutional reform, laws on assembly and association, modification of the electoral law, and laws on referendum.49 But the MSzMP conservatives' intention was to keep the process of political change strictly within the


49 "Közlemény: Az MSzMP Központi Bizottságának 1988 június 23-i üléséről" [Communique on the MSzMP Central Committee Meeting on June 23, 1988], Népszabadság, June 25, 1988
framework of a one-party system. In this regard, their immediate task was how to handle the newly emerged independent organizations that posed a potential challenge to the MSzMP's monopoly of power.

**The MSzMP Conservatives' Strategy (I)**

The emergence of independent organizations of society was unpleasant for the MSzMP conservatives despite their negligible strength. The new party chief Grósz did not conceal his uneasiness with this new situation when he delivered a speech at the conference of the Workers' Militia on June 12. He said:

> We cannot watch idly that they are organizing themselves, rallying their forces, working out and implementing political conceptions. Should the occasion arise, the leadership, in awareness of its responsibility, will resort to administrative measures ... With due tolerance, we must create unity in the movement and in public life against the enemy and opposition.51

But what most concerned the MSzMP conservatives was the claim of the independent organizations that their activities were protected under the Constitution. The conservatives also found that there was, in fact, no legal provision that prohibited the formation of independent trade unions.52 This caused some confusion within the MSzMP

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50 In Grósz' view, the decisive majority of the Hungarian population "wants socialism, accepts the leading role of the party, justifies our commitment that has developed with the socialist countries." For Grósz, therefore, it was still too early to talk about the "substantial" political change. See "Cselekvő közmegegyezés kell -- Grósz Károly nyilatkozata a Nópszabadságának" [We Need Active Consensus -- Nepszabadság Interviews Károly Grósz], *Népszabadság*, June 2, 1988.

51 Budapest MTI, June 12, 1988, reported in *FBIS-EEU*, June 14, 1988, p. 21.

52 Csizmadia, *op. cit.*
since the increasing political activism among some segments of population, in the form of citizens' gatherings, demonstrations, and the setting up of independent organizations, had taken place in the absence of any clear legislation.

At the Central Committee meeting on July 14, the Central Committee Secretary Fejti put forward a proposal for the main guidelines on the regulation of the rights of assembly and associations.\textsuperscript{53} In his report, Fejti acknowledged that the present situation, in which certain activities were neither authorized nor prohibited, gave rise to "mistrust" and "unpredictable reactions." Thus, there was a need to create an "unequivocal legal environment," within which both citizens and authorities would know what the rights and limitations were. Fejti said that the MSzMP expected the legislation on assembly and association to strengthen the public's "competence and sovereignty" and to promote wider activism by encouraging the emergence of citizens' organizations "from below," which would reflect a variety of interests and opinions. In his view, it was not necessary to integrate such groups into existing organizations and movements. Rather, diversity from existing forms and models should be recognized.

Fejti emphasized that the MSzMP was interested in cooperation, not confrontation. He, however, noted that there were people and groups, though small in numbers, that with their views and activities excluded themselves from dialogue. For these forces aimed at overthrowing and destabilizing the system, the law would not give any scope of action. Fejti also made it clear that the impending legislation would be regulated in the framework of a one-party system. Finally, Fejti suggested that the draft

laws on assembly and association be put to a "social debate" organized by the HNF in the
interest of promoting citizens' wider participation in the decision making.54

Although Fejti stressed that the aim of proposed legislation was to establish a "secure" legal environment in which "everything would be permitted unless prohibited by law," the laws on assembly and association were drafted in a less radical and more restricted spirit.55 For example, both laws contained the provision that the exercise of rights "must not violate the security of the state, public security, public order, and public morals, and must not endanger public health and injure the rights and liberties of others" (Paragraph 1-2 of each law) -- a provision that left a lot of room for arbitrary interpretation by the authorities. The law on assembly stipulated that the organization of peaceful gatherings, meetings, and processions must be reported at least 5 days in advance to the police headquarters (Paragraph 6-1). The notice had to include (i) the scheduled time, place or route; (ii) the purpose or agenda; (iii) the anticipated number of participants; and (iv) the names and addresses of the organs or persons organizing such activities (Paragraph 8). In addition, police headquarters could prohibit such activities if they conflicted with the provision of Paragraph 1-2, or if the notice did not contain the information required by the provision of Paragraph 8 (Paragraph 9-1).

54 After the Central Committee meeting, Berecz reaffirmed at a press conference that the proposed legislation should be created within the framework of one-party system. Berecz also downplayed the role of "social debate," saying that society should not be "overburdened" with debates. According to him, it would primarily interest the professionals and politically active circles. See Budapest Domestic Service, July 14, 1988, translated in FBIS-EEU, July 15, 1988, pp. 29-30.

55 The draft laws were published in Magyar Hirlap, August 27, 1988
Another important restriction was that the law on association did not extend to the establishment and functioning of a political party (Paragraph 3-2) and trade unions (Paragraph 29). It also stipulated that registration was the condition for establishing social organizations (Paragraph 6-2). Registration could be refused "if conditions required to an organization's functioning are missing" (Paragraph 6-4). Moreover, the Ministry of Interior could dissolve an organization "if the functioning of an organization is in conflict with the provision of Paragraph 1-2" (Paragraph 22-1). Although the law stipulated that the decisions concerning the refusal of registration or dissolution of an organization could be challenged in court (Paragraph 22-2), it was evident that the court decision would be influenced by the party apparatus.

No doubt the MSzMP conservatives intended to defend the existing power structure, and this was clearly reflected in the draft laws on assembly and association. Unlike the conservatives' rhetoric that the laws were intended to provide more secure legal guarantees for the individuals and social groups, the conservatives' primary objective was to prevent the proliferation of oppositional organizations and activities by retaining the right to make decisions regarding which organizations or assemblies were proper via the introduction of vague concepts (i.e., Paragraph 1-2 of each law). They, of course, had no intention to allow the transformation of independent organizations into political parties. Therefore, the conservatives' endorsement of laws on assembly and association can be interpreted as a tactic of "squaring the circle": creating the illusion of democracy without
altering the substance of party supremacy. But this conservatives' highly defensive strategy was severely constrained by two different sources, i.e., from within and outside the MSzMP.

a. Signs of Division within the MSzMP

Following the leadership succession, some signs of division within the MSzMP elites began to surface. As seen above, the MSzMP conservatives evinced little enthusiasm for any far-reaching political change that would involve political activity outside party control or in any way at odds with their intention. Grósz, for example, professed repeatedly his caution against the impatience arising in the reform process. He said:

Reform is fashionable at the moment. Many people want to change everything -- even though this is not justified -- to avoid lagging behind and being branded as conservatives. And this can lead to anarchy.

For the MSzMP reformers, on the other hand, the lack of basic change was a source of frustration. According to the Politburo member Csaba Hamori, the majority of people believed that nothing had changed since the May party conference. He observed sarcastically: "I am not sure that a new period has started. All I am sure of is that an old period has ended." Pozsgay also said that the promised political reforms proved slow to

58 Új Tükör, August 31, 1988.
materialize. According to him, although people could now speak about things that had previously been taboo, real change could come about if there were the freedom "to follow up what it is now permitted to express." In his view, the conditions for the birth of "active, sovereign" citizens were still lacking.\textsuperscript{59}

Specifically, there were several important issues that divided and polarized the party. One of them was about the prospects for a multi-party system in Hungary. For the conservatives, as mentioned above, one-party rule was a "closed" issue. The statement of Jenő Andics, the head of the Central Committee's Department of Agitation and Propaganda, may be regarded as the conservatives' characteristic attitude on the issue of a multi-party system. He said:

What sense does it make to have a multi-party system in today's situation? To overthrow the system. This is unacceptable. It is so because in this historic political period our adherence to the leading role of the party and to the one-party system is one of the fundamental elements in the struggle for socialist construction. The issue of one-party versus multi-party system cannot be raised in the abstract, separated from time and space. In the present situation, the renewal of the single party (i.e., the MSzMP) represents the only possible avenue to socialist renewal.\textsuperscript{60}

On the other hand, the MSzMP reformers were more flexible in their attitude toward the possibility of a multi-party system. But still in the summer and early autumn of 1988 no one had declared in public the necessity of its introduction, and there was no clear consensus among them on this issue. For Pozsgay, for example, the question of a one-

\textsuperscript{59} \textit{Magyar Nemzet}, August 17, 1988.

party system was not a matter of principle, and was regarded as a "historical accident" rather than a "historical achievement." According to Pozsgay's interpretation, it was precisely in Marxism that there can be no progress where there are no parties and no division of opinions. Thus, both in principle and in theory, there were no obstacles to the creation of a multi-party system under socialism. For Hamori, there was no causal linkage between the performance of society and a multi-party system. But he predicted that the independent organizations would be transformed into political parties in the near future. Nyers, while not excluding the long-term possibilities of a multi-party system, still sought the possibilities of pluralism in the framework of a one-party system.

Another issue of disagreement within the MSzMP was to what extent "openness" should be permitted. The summer of 1988, after a long period of servility and compromise, marked the beginning of freedom of the mass media. Control over the media, and thus censorship over its style and content, came under Pozsgay who gradually lifted the existing restraints. The result was an open interpretation of what could be said,


64 In late June Pozsgay was elected as State Minister, a newly created and second-highest government position under Prime Minister Grósz. One of his main tasks was to deal with the media (e.g. the MTI [Magyar Távirati Iroda, Hungarian News Agency], Hungarian Television and Radio, and the governmental daily Magyar Hirlap) and the activity of the Public Opinion Research Institute in order to promote greater openness and
in tone as well as in content. For example, in July, for the first time, oppositional activity was reported in the newspapers without condemnation. Moreover, party politicians were increasingly confronted with difficult questions such as the possibility of a multi-party system, the rehabilitation of Imre Nagy, the reevaluation of 1956, and so on.

The MSzMP conservative became irritated by the increasingly liberalized media and its critical tone. Concerning the question of to what extent "openness" could be widened, Grósz said that the leadership's readiness to support the work of the journalists should be coupled with the "proper self-discipline" on the part of the press. In other words, "openness" could be widened only in accordance with the "rules of the game." No doubt Grósz implied that the "rules of game" would be laid down by the MSzMP.

Berecz, in a more aggressive manner, castigated the practice of the press for what he called its "one-sided critical approach." According to him, a "narrow" circle of journalists disturbed and misguided public opinion by abusing the power of the press, thus weakening chances of the reform and disrupting relations between the MSzMP and society. He called for an end to this "distorted" practice of the press.

The reformers within the MSzMP, on the other hand, were in favor of maximum openness in the media and freedom of publication. President of the Hungarian Academy freedom of the press and publication. See Budapest Domestic Service, July 2, 1988, translated in *FBIS-EEU*, July 6, 1988, p. 44.


of Sciences and the Central Committee member Iván T. Berend, deploring the secrecy surrounding scientific and academic research, said that freedom to publish was one of the guarantees of legality and was indispensable for sound public policy. Géza Kilényi, a legal expert at the Academy, reminding that the reform of the media was an essential part of the political reform, called for a new press law that would "widen the present framework of openness, prevent measures that would harm public openness, and redress grievances related to such measures."67

The emergence of independent organizations and how to deal with them was the most disputed issue within the MSzMP leadership. As mentioned earlier, the conservatives wanted to block the opposition's organizing efforts by establishing as many obstacles as possible. During his visit to the United States, Grósz, in answer to a question about the legalization of the opposition, stressed that "in order for an opposition to cooperate and work together with official policy in the interest of the people and for the good of nation, a high standard of political culture is needed." In his opinion, the condition was still lacking, which implied that the opposition's legalization was still premature, let alone its transformation into political parties.68

The MSzMP reformers, on the other hand, regarded political pluralism and thus the emergence of new organizations as natural phenomena in the process of political reform. Pozsgay, for example, argued that the emergence of independent organizations

67 "Kerekasztal a nyilvánosságról" [Roundtable on the Public Sphere], Mozgó Világ, no. 7, 1988, pp. 7, 16-17.

was precisely an "indictment of the party's political lag in understanding society." In his view, "defensive" legal provisions in the draft law on assembly and association clearly reflected a "conditioned reflex resulting from fear on the part of those who know they no longer enjoy people's confidence," and thus should be abolished. He maintained:

These independent organizations do not threaten us with anarchy. Rather, we are threatened by the fact that there is a disorganized society; and the relations between the party and society are becoming strained and confrontational as a result of the economic problems, the deteriorating living standard, and discontent ... There is greater readiness for cooperation and ability to reach a consensus in a politically organized society than in a dependent society that functions as a disorganized mass.69

The Central Committee meeting on September 27 witnessed a big clash between the conservatives and reformers over the MSzMP's relations with the newly emerged independent organizations. As a threat to the reformers in a meeting, Berecz read a letter from a Budapest district party organization, which expressed a deep concern about the "present confused situation, the tone of the press, and the party's increasingly defensive stance." The letter asked at the end: "Why is the party leadership not standing up for its declared objectives? Why does the party not mobilize the communist masses against those fishing into troubled waters?"70

The debate that followed clearly reflected the growing polarization within the party leadership. The Central Committee members in the Grósz' camp (e.g. Ferenc Tőkei, József Pónya, Mária Kiss Tóthné, József Veres, László Boros, etc.) argued that the

69 Imre Pozsgay, 1988. "Az egész néppel folytatott párbeszédtre van szükség" [We Need a Dialogue with the Whole Nation], Társadalmi Szemle, no. 9, pp. 38-39.

Public's mood was getting worse and that many people were asking whether Hungary was marching toward capitalism and a bourgeois society. They called for a firmer stand by the party against oppositional developments and groups. In contrast to these claims, the party reformers (e.g. Gyula Horn, István Huszár, Iván T. Berend, etc.) maintained that the country's grave situation could be changed only by moving fast on the path of genuine political reform. In their view, the reform process would inevitably entail social tension and confusion, but the real danger lay in that the party would take "improvised steps" to avoid the inevitable conflict. For them, the MDF, the FIDESz, or the SzKH should not be regarded as a threat to the party, but a "challenge" that it had to respond to.71 A visible split within the MSzMP leadership turned out to be a great burden to the conservatives who attempted to prevent the proliferation of oppositional organizations and activities under the guise of reformist legislation.

b. The Role of "Social Debate"

"Social debate" [Társadalmi megvitatás] was, in the MSzMP conservatives' rhetoric, designed to promote the citizens' wider participation in the decision of legal regulation that directly affects a broader strata of society. From the conservatives' standpoint, it was perceived less risky due to the widespread political apathy of the masses. And, above all, they could control the debate by determining the participants and the time allotted for the debate. But contrary to the conservatives' expectation that "social debate" would be a mere formality, it produced a surprising consequence.

71 Ibid.
As the conservatives anticipated, the month-long series of debates (from early September to early October of 1988) on draft laws on assembly and association were poorly attended. The lack of participation was in part due to the poor attendance of party members. But, on the other hand, independent legal experts, members of the independent organizations, and students actively participated in the debates organized by the HNF. More importantly, the popular verdict on the draft laws was overwhelmingly negative. The general opinion was that the rights of assembly and association were not gifts from the state but unalienable civil rights, and that it was the authorities' duty to ensure, not restrict, these rights and freedoms.\(^2\)

During the debates, two draft laws were severely criticized because of their lack of legal clarity and restrictive nature. That is, the vague concepts, such as "state security, public security, public order, and public morals," could be interpreted in accordance with the momentary political situation, which does not exclude the possibility of arbitrary interpretations, thus creating a sense of uncertainty rather than certainty. Many people felt that the proposed five-day advance notice prescribed by law was too long, since it made spontaneous gatherings virtually impossible and gave the authorities time to prohibit the event. The majority view during the debates was also that the exceptions based on

\(^2\) According to Mihály Bihari, the major flaw in the draft legislation was the assumption of an "omnipotent and omniscient" state that should decide over and strictly control its citizens' activities, which was incompatible with the concept of democratic state based on the "rule of law." In his view, assembly and association were the rights of citizens without limitation and prior condition. See his article "A társadalmi megvitatás hévében: a gyülekezési és egyesülési törvényről" [In the Heat of Social Debate: On the Laws on Assembly and Association], _Magyar Nemzet_, October 13, 1988.
political affiliation or ideological belonging were unjustifiable. In other words, the law on association should include the founding of political parties and trade unions.\(^73\)

Under the barrage of criticism, the HNF had to simply convey the popular verdict to the authorities in summing up the "social debate" over the draft laws. That is, the laws on assembly and association should not depend on the state's prior permission since they are the basic rights of citizens, and the laws should restrict the state not the society. The HNF also considered it "unjustifiable" to exempt political parties and trade unions from the law on association and recommended that the laws be redrafted.\(^74\) Thus, contrary to the wishes of the conservatives, the "social debate" backfired and played an important role in the partial retreat of the MSzMP conservatives.

**The MSzMP Conservatives' Strategy (II)**

As it turned out, the MSzMP conservatives' strategy, i.e., trying to prevent the proliferation of oppositional organizations and activities under the guise of reformist legislation, failed. On the one hand, the conservatives' attempt could not materialize due to a serious disagreement within the MSzMP. On the other hand, the conservatives could not challenge the credibility of "social debate," the institutional framework which they devised. They, in a sense, fell into a trap because actual acceptance of some elements of


democracy led to a consequence contrary to their intention. Under the circumstances, the only option available to them was to retreat at least for the time being.

Already in October, the representatives of the MSzMP conservatives hinted at a shift in their strategy. For example, Berecz acknowledged the polarization of opinions in society as a "rule of thumb" in the early phase of reform process. He, in a somewhat conciliatory manner, said that there was a certain group in society that was willing to help the MSzMP's reform endeavor, and in this case it should not be regarded as "illegal." Andics also provided the guidelines for the MSzMP's relation to the independent organizations. According to him, the party would continue to engage in a dialogue with organizations whose ideology differed from the party's, but at the same time whose programs and activities accepted the party's leading role and were not "anti-socialist." He recommended that the MSzMP members attending forums and discussions by such groups voice their political convictions and represent its policy. On the other hand, the MSzMP would not maintain political contacts with "hostile groups" that attacked the basic values of the socialist system, were openly or covertly "anti-regime," and issued "illegal propaganda." In short, Berecz and Andic's statements implied that all oppositional forces of society would not be treated as equal.

The Central Committee meeting on November 1-2 clearly signaled some change in the conservatives' strategy. Admitting that the mood of both the population and the party

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76 Jenő Andics, "Potilizáló a pártként" [The Party Engaged in Politics], Képes 7, October 18, 1988, pp. 16-17.
membership had worsened in the five months since the party conference of May 1988, the
Central Committee emphasized that the MSzMP would pursue its program of "socialist
renewal" to extricate the country out of its current sociopolitical tension. That is, the
MSzMP would speed up the creation of a "constitutionalism" which would represent the
basis of a secure law and order of a "constitutional state" and which would include legal
regulations concerning cooperation between the party, the government, the various bodies
that represent interests, and social and political movements. At the same time, the
MSzMP would firmly guarantee society's right of self-organization as a "new" element of
socialism. The Central Committee stressed that the MSzMP would carry out a dialogue
and pursue political alliances with "non-party progressive, socialist, and national-popular
forces on the basis of mutually accepted principles."77

In addition, the Central Committee also recognized that the party badly needed the
support of the intellectuals, part of which turned away from the party because of the
party's poor treatment of them and the deterioration in the conditions of their activity.
The same was true of the country's young people, who, as a result of mostly "negative"
experiences with communist society, had become "radicalized." Emphasizing the
importance of intellectuals and young people "in finding the possible ways out from
today's difficult situation," the Central Committee acknowledged the necessity of creating

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77 "Az MSzMP Központi Bizottságának állásfoglalása: A bélpolitikai helyezetről és a
párt feladatairól" [The MSzMP Central Committee Position on the Domestic Political
Situation and Party Tasks], Népszabadság, November 4, 1988.
opportunities for their active participation in the decision-making process and
democratization of the political system.\textsuperscript{78}

It is noteworthy that the conservatives attempted to woo rhetorically the most
dissatisfied section of the population, i.e., the intellectuals and young people. The
question, of course, was whether the MSzMP had appropriate means to satisfy these
groups economically and politically. As the Central Committee admitted, the MSzMP
lacked financial resources to meet their economic demands, and especially those of young
people at the beginning of their careers, who suffered most amid conditions of economic
decline and deteriorating living conditions. On the other hand, the MSzMP had no
concrete answer to the question of how the intellectuals and young people could be
integrated in the mechanism of decision making. Given the fact that intellectuals and
young people increasingly participated in oppositional activity, the conservatives seemed
to fear that this tendency would spread to the broader segment of population. Thus, the
MSzMP's gesture was simply an improvised tactic to appease the intellectuals and young
people at least in words, but not through concrete measures.

While the conservatives' rhetoric of "constitutionalism" and "socialist pluralism"
was nothing new, a notable change in the conservatives' tactic was the differentiation
between the moderates and radicals within the opposition. As clearly stated in the Central
Committee document, in which the "national-popular forces" were categorized as the
partner of dialogue, the MSzMP conservatives now tried to signal the green light for the
MDF. In their view, such opposition could function as a safety valve needed at times of

\textsuperscript{78} Ibid.
economic hardship and insecurity. But their organizing into political parties was still premature. At the same time, the conservatives made it clear that the MSzMP would take a firmer stand against the radical forces within the opposition (such as the FIDESz and SKzH), which "oppose our socialist order, our constitutional state, and our system of alliance." But the MSzMP conservatives, who tried to tame the opposition by means of selective treatment and at the same time to keep the process of change within the framework of a one-party system, again found themselves left behind by events, i.e., the proliferation of independent political organizations and further deepening of division within the party leadership.

a. The Proliferation of Independent Political Organizations

The last months of 1988 witnessed more visible activities of the Hungarian opposition. The various independent groups took the initiative in establishing overtly political organizations, and Hungary began to move rather swiftly toward a multi-party system. Already in September, the MDF formally announced the formation of an "independent political organization" out of a loose intellectual movement founded a year ago. According to its Presidium member Zoltán Biró, the MDF would continue to recruit its members and set up local branches with members from all social strata. Biró also said that the MDF would nominate candidates for the National Assembly and participate in local elections.79 On November 13 the former "democratic opposition" dissolved the loose

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umbrella organization (SzKH) and established the Alliance of Free Democrats (Szabad Demokraták Szövetsége, SzDSz).80 The FIDESz, with a membership of about 2,000 in 53 local chapters, also held its first national congress on November 19 and 20. At the congress the FIDESz declared that it was an "independent political organization, not the youth branch of other groups," and also announced that it would put up candidates at the next parliamentary elections scheduled to take place in 1990.

In addition, the so-called "historical" parties, which had taken part in the post-1945 coalition and had been briefly revived in 1956, once again returned to the political stage. On November 18 the Independent Smallholders' Party (Független Kisgazdapárt, FKgP), which won 57% of the vote in the election of 1945 and held the Presidency and Premiership in the coalition government in 1945-48, claimed that it had never been legally banned and announced that it would resume its activities. The Hungarian Social Democratic Party (Magyarországi Szociáldemokrata Párt, MSzDP) and the National Peasant Party (now renamed as the Hungarian People's Party, Magyar Néppárt, MNP) also followed suit, arguing that it is unjust to categorically forbid political parties on the basis of current legislation. All of these parties demanded free elections and expressed their intention to run candidates in the 1990 elections.82

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80 Budapest Domestic Service, November 13, 1988, translated in FBIS-EEU, November 14, 1988, p. 34.


82 Csizmadia, 1991, op. cit.
One notable thing is that amid the mushrooming of independent political organizations and proto-parties, the Hungarian opposition was marked by a certain cleavage between those who saw no real promise of democracy in the MSzMP leadership and those who were still ready to enter on a course of compromise with the ruling party (i.e., with the MSzMP reformers). Each force opted for different methods in the interest of achieving its objectives (i.e., parliamentary democracy). On the one side, there were the moderates such as the MDF, which continued to send a friendly signal to the reform wing of the MSzMP.\textsuperscript{83} For the MDF, the nominating of its own candidates for the 1990 national elections was not intended to take over power, but "to supervise those in power and to form a counterweight to this power." The MDF also maintained that foreign policy should be based on the principle of equality among nations as well as on the national interest, which did not deviate from the official party line. The MDF's moderate approach was also confirmed by its decision to cancel the demonstrations of October 23 to commemorate the events of 1956. According to its explanation, the MDF called off marches in the interests of avoiding the possible "street atrocities," while not agreeing with the police's decision to ban the marches.\textsuperscript{84} While the "historical" parties were still at the

\textsuperscript{83} It was already mentioned in the preceding chapter that Pozsgay played a significant role in the founding of the MDF in September 1987. Since then leaders of the MDF maintained close contact with Pozsgay. One of the MDF's leader Zoltán Biró, the President elected at the MDF's first congress in March 1989, worked as Pozsgay's chief advisor in the Ministry of Culture in the late 1970s, and was considered as Pozsgay's "right-hand man" [Personal Interview with Mihály Bihari, June 7, 1991].

embryonic stage and did not define clearly their relations with the regime, they were at the time regarded as belonging to a moderate segment of the opposition.

On the other side, there was a radical segment within the opposition which rejected cooperation with the MSzMP leadership and located themselves unambiguously in "opposition." For example, the policy statement of the SzDSz issued in November 1988 clearly defined it as "an opposition, European, and radical organization." First, the SzDSz unequivocally declared itself to be opposed to the ruling MSzMP. Second, Hungarian democracy should strive "to come abreast of Europe" and find ways of "European integration" since the past decades have proved the "Soviet model" as nothing but a "blind alley." It stated, "If there is a Hungarian way, it is not between the two existing social systems, it is from one to the other," thus rejecting the so-called "third way" strategy, which envisioned the right path between Eastern communism and Western capitalism and which was very popular among some leaders of the MDF. Third, the SzDSz categorically rejected communism and its "reformability." In view of the SzDSz, reform communism was no more than a system "based on the predominance of state ownership and the hegemony of one-party rule with a touch of benevolent enlightenment," and at the roots it was still "identical" with the present ailing system.85

In a similar way, the program adopted at the FIDESz congress in November declared its commitment to parliamentary democracy and market economy "based on the equality of various forms of property." The program stressed Hungary's European

character of culture and history and called for the "restoration of Hungary's identity by the
dissolution of military alliances." The demands of the FIDESz also included the
reassessment of 1956 and the rehabilitation of Imre Nagy. The FIDESz pledged to
exercise its right to use forms of peaceful civil disobedience, demonstrations, and strikes
to accomplish its demands.86

Despite a certain division within the opposition, however, one thing clear from the
increasing politicization of society was that by the end of November, whether the MSzMP
conservatives liked it or not, a de facto multi-party situation had evolved within the official
framework of a one-party system. Obviously, the conflict between the MSzMP
conservatives and reformers over the course of political change (especially on the future
status of independent organizations of society) had the effect of expanding the political
space for the various independent groups.87 At stake was the MSzMP's monopoly of
power. And the surge of political organizations now contributed to the deepening of
divisions within the MSzMP leadership along the issue of a one-party vs. multi-party
system.


87 By the early autumn of 1988 (since the Central Committee meeting on September 27), a serious disagreement within the MSzMP elites was no longer a secret to the
MSzMP members and the public alike. Even Grósz, who boasted of complete unity
within the leadership a few months ago, partially admitted the division within the
leadership: "The source of tension in the narrowest circle of party leaders is not
ideological or political differences, but personal problems ... None of them enjoys
unquestioned reputation based on personal traits, career, intellectual capacity or political
experience. This is exactly how we wanted to create a collective leadership. This,
however, has a side effect which may be getting worse. There are cases where elementary
order and discipline are unstable." See Budapest MTI, October 28, 1988, reported in
FBIS-EEU, October 31, 1988, pp. 34-35.
b. The Deepening of Division within the MSzMP Leadership

The period between November 1988 and January 1989 can be characterized by the further deepening of splits within the MSzMP leadership. During this period the terms "coalition" or "joining of forces" appeared frequently in the official party lexicon and in the media. But there was a significant difference between the conservatives and reformers concerning the question of how this "coalition" or "joining of forces" could manifest itself in practice.

As seen earlier, the MSzMP conservatives at this time were ready to make some concessions to the opposition on a selective basis, but without significantly altering the existing power structure. With regard to the party system, the conservatives no longer gave a historical (or geopolitical) reason as an excuse of rejecting the introduction of a multi-party system. They now said that the issue of multi-party system was purely practical. According to Grósz, for example, the current domestic situation was hardly the most ideal time for developing a multi-party practice since in a multi-party system a "precious energy" badly needed for economic recovery would be used up in useless party struggles. Thus for him, the transition to a multi-party system might be defended in economically more consolidated conditions.88

Grósz also questioned to what extent the surge of political organizations and proto-parties was a reflection of real social interests, and whether they had a broader social basis at all. In his view, the politicization of society was limited to some sections of

the intelligentsia and young people, and thus could not be regarded as reflecting the "real needs and demands" of society. On the other hand, Grósz argued that the MSzMP built itself from all strata of society, and that in terms of its social basis, it was still possible for the single party (i.e., the MSzMP) to "formulate and represent the principal political interests of the Hungarian people." For Grósz, the definition and representation of the general interest were still the exclusive prerogatives of the MSzMP. Consequently, it follows that from the practical viewpoint Hungarian society was not ripe for the creation of a multi-party system.

What, then, did the conservatives mean by "coalition" or "joining of forces"? The first issue concerned the potential partner(s) of coalition. According to Grósz, between the committed communists and the extreme rightists and counterrevolutionary forces, there existed a middle stratum, which he called "left-of-center" and progressive "right-of-center" forces, which accepted the "leading role" of the party and a socialist social order. Grósz urged the MSzMP to promote the creation of a coalition with these forces, saying that "we must not turn them away from us, rather we must attract them to us, by good words, with sober politicizing, and with an open, honest exchange of views." On the other hand, the MSzMP would not give "anti-socialist, anti-regime" groups the freedom and opportunity to function.

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89 Károly Grósz, "A reform a rend megteremtésének az útja" [The Reform is the Way of Creating Order], Népszabadság, December 17, 1988.

The second issue concerned the question of under what kind of institutional or organizational framework the so-called "cooperative forces" would have room for maneuver. According to Grósz, under the conditions of a one-party system, the HNF could combine into "political alliance" these "cooperative forces" emerging in Hungary's "pluralistic political society." For Grósz, the HNF was an organizational framework that could provide opportunities "for debates between various alternative organizations, for coordination of divergent opinions, for social supervision, and for creative public work."91 In short, while the MSzMP remained as a "decisive initiator" in the reform process, some sanctioned independent organizations were supposed to play the function of secondary importance.92 But the conservatives' offer was too little and too late. After all, the political organizations and proto-parties already in the public arena were less than enthusiastic about the conservatives' idea. By contrast, the MSzMP reformers argued that the only way to reestablish the regime's legitimacy and to salvage any of the MSzMP's present power was to move toward genuine political pluralism and to design institutions for power sharing; otherwise, Hungarian society would not accept the authority of the MSzMP leadership, and hence the people's energies could not be mobilized. In Pozsgay's


92 Grósz clearly objected to the idea of power-sharing. He said, "With regard to the issue of power, our political opponents strive for power, and then for taking power. It has its own logic. A political force does not want to play a second role once it shares power, but wants to acquire full power afterwards. We do not want to share power" (ibid.).
words, "a power struggling with a severe deficit of legitimacy is in a more difficult situation than a budget battling with the gravest deficit."\(^{93}\)

In a meeting with the representatives of Hungarians living in Austria, Pozsgay stressed that the one-party system was not an indispensable feature of socialism but had been forced upon a backward Eastern Europe by history. In his view, the recently emerged political organizations and proto-parties should be regarded as "real factors" of Hungarian domestic politics. He objected to any attempt to block the development of a multi-party system since conditions had already become ripe within society for a multi-party system. What was needed now, according to him, was the creation of legal conditions for political parties. He even suggested that the new Constitution exclude the clause that guarantees the "leading role" of the MSzMP.\(^{94}\)

Pozsgay also refuted the conservatives' idea that the HNF could serve as an organizational framework for coalition. He said:

The solution lies not in forms and organizational recipes from above; present-day Hungarian society has gone beyond this. What has to be suggested is partnership and compromise in the exercise of power.\(^{95}\)

Pozsgay was committed to the idea of power sharing based on compromise between partners, according to which the MSzMP would retain its privileged position, while the independent political groups (or part of them) would participate in the exercise of power.

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\(^{93}\) Imre Pozsgay, 1988. "Bizalmi válság és reform alternatívák" [Crisis of Confidence and Reform Alternatives], \textit{Jel-Kép}, no. 12, p. 5.


\(^{95}\) "Interjú Pozsgay Imrével: A hatalommegosztásról" [Interview with Imre Pozsgay on the Sharing of Power], \textit{Látóhatár}, December 7, 1988, p. 150.
of power. Specifically, he sought the possibility of the creation of a coalition government, in which the key ministerial positions would remain in the hands of the MSzMP. At the same time, he advocated the legalization of the opposition that would not become part of the coalition, reminding that the existence of political opposition was an integral part of functioning democracies. But the reformers had not yet consolidated a position within the MSzMP, and they at that time were not strong enough to push through the compromise solution in the name of the regime.

5. The Political Stalemate and Its Resolution

By the end of 1988 and early 1989, it was still unclear in which direction the future course would evolve. On the one hand, the MSzMP was preoccupied with continuing inner discord. While the reformers began to speak about the creation of a multi-party system and power sharing, the conservatives acted like there were no other parties in the equation. The MSzMP was like a dragon with two different heads, each speaking a different language. On the other hand, while politicization of society continued to increase, the newly organized political organizations and proto-parties were still too weak and divided to challenge the ruling party directly. The outcome was a stalemate. In order to understand its resolution, we first need to examine Pozsgay's strategy and his manipulation of the issue of 1956.

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96 Ibid., p. 151.
Imre Pozsgay's Strategy

As the leading figure of the MSzMP reformers, Pozsgay consistently advocated the idea of power sharing. He was well aware of the necessity of a "support base" both within and outside the MSzMP to accomplish his (and the reformers') objective. He said,

The absence of such a base has made the fate of reforms a function of the balance of power and alignment within the top political leadership, making the consistent implementation of reforms impossible. Without a base of support within and outside the party, reformers are able to operate only according to the rules of the game in a political environment averse to reform, hoping to pursue a definite reform policy when a favorable development of power relations places them in a strong position of leadership. On the other hand, a strong, organized reform base within the party and society may function as power-influencing factor, thereby placing and maintaining reformers in positions of power, and enhancing the ability to represent their interests and will.97

Obviously, Pozsgay's strategy centered on how to create a strong support base for reform both within and outside the MSzMP. Pozsgay repeatedly argued that the segmentation of interests was a normal concomitant of human society, and thus it should be brought to the surface and articulated by the free formation and operation of independent organizations.98 But the prime reason behind his assertion of the need for civic initiatives from below and of the free establishment of associations was that he saw


the possibility of a coalition with some forces within society. It is in this context that Pozsgay's role in the founding of the MDF and his continued support for it should be understood.

Pozsgay also strongly advocated the freedom of "platforms" in an attempt to mobilize the reform forces within the MSzMP. He argued that "democratic centralism" as the party's organizational and operating principle, which prevents the surfacing of contrasting views and their groupings into "platforms," should be abandoned. In his view, whether the MSzMP leadership liked it or not, there always existed various currents and interests within the party; without expressing them in an organized form and without making them public, the institutionalization of democracy within the party or party life as "real political movement" was not possible.99

Despite Pozsgay's concerted efforts, however, the conservatives still controlled party policy and stubbornly resisted genuine political change. The political reform, based on a protective and paternalistic concept, remained within the purview of an enlightened absolutist power. This accounts for the conservatives' cynical attitudes regarding an autonomous, broad democratic movement within and outside the MSzMP.100

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100 With regard to the reformers' increasing demands for freedom of "platforms," the MSzMP spokesman László Major reacted in the following way: "The point is to create the possibility for party members holding different views to form into groups before decision is made. After the decision, those members who found themselves in the minority would not be permitted to reveal their stance to the outside world ... The concept is not ready yet, but we believe that these platforms would be a valuable tool of democracy inside the party." That is, the conservatives would still stick to the principle of "democratic
circumstances, where Hungary's deepening political and economic crisis demanded the MSzMP leadership's resolute action, Pozsgay became increasingly impatient with the conservatives' resistance and their delaying tactics. What could reverse the current situation? In other words, what could mobilize and rally the forces within and outside the MSzMP behind the reformers' cause, thus undermining the conservatives' power and halting their habit of procrastination? It is in this context that Pozsgay decided to manipulate the issue of 1956.

**The Issue of 1956 and "Pozsgay Affair"**

In the second half of 1988, the issues concerning the reevaluation of 1956 and rehabilitation of Imre Nagy were continuously raised in the media and by the opposition. The events of 1956 were officially interpreted as "conterrevolution" and Nagy was regarded as a "traitor" throughout the Kádár era. Grósz clearly had no intention of deviating from Kádár's line concerning this matter. During his visit to the U.S. in July, Grósz made it clear that there was "no room and no justification" for reconsidering the character of the 1956 events. Concerning the government's decision to ban the demonstrations to commemorate the events of 1956, Grósz bluntly said that "the tragic events of 1956 were primarily counterrevolutionary, and we cannot allow a centralism," though in a somewhat modified form. See Sztandar Młodych, January 13, 1989, translated in *FBIS-EEU*, January 26, 1989, p. 25.

conterrevolution to be commemorated as a memorable anniversary."\(^{102}\) In an interview with *Le Monde*, Grósz again stressed that the rehabilitation of Nagy was conceivable "neither in the near future, nor in the long term." In his view, "the Hungarian opposition and the Westerners who are showing an interest in him only read every other page of his biography."\(^{103}\) Obviously, Grósz feared that the attempt to reassess the events of 1956 and to rehabilitate Nagy might lead to an uncontrollable consequence and eventually threaten regime survival.

For Pozsgay, however, the issue of 1956 and Nagy was a perfect tool that could be manipulated to the MSzMP reformers' advantage. Pozsgay dropped a political bombshell in an interview with Budapest radio on January 28, 1989. Here Pozsgay, referring to Nagy's "New Course," said that "Imre Nagy was right and his behavior correct and consistent with what he had promised to do." Pozsgay also declared that the events of 1956, on the basis of the working committee's finding,\(^{104}\) should be considered as a "popular uprising [népfelkelés] against an oligarchic form of power which offended the entire nation," thus refuting the official interpretation of 1956 as "counterrevolution." In his view, in order to understand the crisis of 1956, one had to go back to the years 1948

\(^{102}\) Budapest MTI, October 28, 1988, reported in *FBIS-EEU*, October 31, 1988, p. 35.


\(^{104}\) As mentioned earlier in this chapter, the May party conference set up the Central Committee's Historical Subcommittee, whose task was to reexamine the last four decades of Hungary's political and party history. This working committee was headed by Pozsgay and included the reformers such as Iván T. Berend (President of the Hungarian Academy of Science), István Huszár (General Secretary of the HNF), and Mariá Ormos (Director of Social Science Institute), all Central Committee Members.
and 1949 when the socialist model based on one-party system was "forced" upon Hungary. He argued that this model proved to be the "wrong path" that resulted in the crisis of 1956, and again its "inoperability" had now been demonstrated. Pozsgay, warning of the seriousness of the present socio-political crisis, concluded that the MSzMP had to learn to "coexist" with several parties, whether in coalition with them or, if there were some forces that would not accept coalition, then facing them as the "legalized" opposition.105

Thus Pozsgay, by masterfully manipulating the findings of the Historical Subcommittee (which had not yet been discussed in the Central Committee, nor made public), put the MSzMP leadership to a deadly test. With this bald move, Pozsgay wanted to rally reform forces within and outside the MSzMP to the reformers' side, thus putting enormous pressure on the conservatives. Moreover, by bringing up the issue of 1956, Pozsgay intended to differentiate the "genuine reformers" from the "pseudo-reformers" (e.g. Grósz, Berecz, Fejti, etc) who still stuck to Kádár's line that 1956 had been a "counterrevolution."106 Pozsgay knew well that the majority of the Hungarian people would be in agreement with his reinterpretation of 1956. His calculation turned out correct.


106 Personal Interview with Pozsgay, June 18, 1991, Budapest. Despite his denial, Pozsgy's personal ambition seemed to play a role in his surprise announcement. Above all, Pozsgay told me that he did not consult with anyone (not even with members of the subcommittee) regarding this announcement. In any case, with his clever move Pozsgay immediately became the most popular politician in the country.
The effect of the so-called "Pozsgay affair" [Pozsgay ügy] was dramatic. In the following days after Pozsgay's controversial statement, Hungarian society experienced an extreme polarization of opinions. Predictably, the MSzMP reformers and independent political organizations came out strongly in support of Pozsgay and a reevaluation of 1956. For example, Iván T. Berend, a member of the Historical Subcommittee, backed up Pozsgay, by saying that Nagy's reform initiative was resisted and blocked by the party's conservative leadership of Rákosi and Gerő, thus pushing the country into a "social explosion" and eventually a "popular uprising" aimed at creating a democratic and humane socialism.\(^{107}\) On February 6, Hungarian independent political and social organizations, including the MDF, the FIDESz, the SzDSz, the MSzDP, the MNP, the FKgP, and the TTDSz, issued their first joint public statement. It said that the reconciliation between authorities and society, and specifically the cooperation of independent organizations with the MSzMP, was conceivable only through "a just historical evaluation and revised conception of the popular uprising that broke out in 1956 against the Stalinist party-state representing the tyranny of injustice." It warned that any contrary statement and viewpoint would "deepen the crisis, weaken the chances of advance, and bring down the image of Hungary both at home and abroad."\(^{108}\) For his part, Pozsgay held a political rally in Hódmezővásárhely on February 3. In his speech, Pozsgay emphasized that the reevaluation of 1956 was a painful process, but unavoidable for a "national reconciliation."


He called upon people to stop sitting on the fence and show their "real colors," claiming that "those who call the events of 1956 a popular uprising can count on the support of the masses of people in Hungary." He again argued that the MSzMP should prepare itself for a multi-party system as a form of compromise. 109

By contrast, the MSzMP conservatives' immediate reaction to Pozsgay's statement was anger and outright disapproval. For example, Grósz, in an interview during his return to Budapest (Grósz was in Switzerland when Pozsgay made the statement on 1956), said that the evaluation of historical events such as 1956 could not be made by a single person or a single committee (i.e., the Historical Subcommittee). For Grósz, any political conclusion, including the reevaluation of 1956, should be drawn by the Central Committee, to which the Historical Subcommittee was responsible. Grósz cautioned that permitting minority views within the MSzMP should not lead to "confusion and chaos." According to him, as long as the majority view was in force, the minority should represent it in their "conduct and practice"; and the freedom to espouse minority views should not mean a "lack of self-discipline" -- a clear reference to Pozsgay's statement. 110 In a speech to Budapest party activists on February 1, Lukács also stressed that Pozsgay's statement on 1956 was his "personal opinion," not the standpoint of the Politburo or the Central


110 "Interjú: Grósz Károly a pátról, 1956-ról, a reformvitáról" [Interview: Károly Grósz on the Party, on 1956, and on Reform Debates], Népszabadság, January 31, 1989.
Committee. Moreover, the reevaluation of 1956 as "popular uprising" was not timed "properly" and "incorrect." ¹¹¹

Between pros and cons, some members within the MSzMP leadership expressed a concern over an overheated political debate throughout Hungarian society. In a speech at the session of the Hungarian Chamber of Commerce, the Politburo member Miklós Németh, referring to Pozsgay's statement, said that it was a "big mistake" to describe complex historical phenomena or trends in "one-word judgment." He recognized that the evaluation of the past would require the revelation of mistakes and their causes including the establishment of personal responsibility. In his opinion, however, it was not desirable for the revelation of old errors or any attempt of rehabilitation to turn into divisive "political campaigns."¹¹² Mátyás Szűrös, the Central Committee Secretary in charge of foreign affairs, at the meeting of Miskolc party committee said that 1956 consisted of a series of very complex events. Thus for him, both the hitherto official interpretation of 1956 (i.e., "counterrevolution") and a new one (i.e., "popular uprising") were "oversimplifications."¹¹³


The MSzMP Conservatives' Option: Restoration or Democratization?

As seen above, the sudden revival of a major national issue that had been taboo for several decades immediately unleashed an outpouring of mixed views and feelings and polarized the country. And as Hungary's political climate became extremely tense, it became increasingly clear that liberalization would no longer be a viable project. On the one hand, Pozsgay put an unbearable pressure on the MSzMP conservatives by exploiting the issue of 1956 and shrewdly linking it to the demand for the introduction of a multi-party system. The result was the culmination of divisions within the MSzMP. On the other hand, with the surge of independent political organizations of society, Hungary began to take on the appearance of a multi-party system. The Hungarian opposition still lacked resources (e.g. the leadership, organizational and social basis, finances, etc.,) and was not considered a direct threat to regime survival. Nevertheless, the MSzMP conservatives had to respond to this unexpected turn of events in one way or another. Therefore, the MSzMP conservatives, unlike their earlier plan to keep the process of political change within the framework of a one-party system, had to face the choice of restoration or democratization.

Restoration was not considered a viable option by the MSzMP conservatives due to the serious political and economic constraints. One possible measure might have been disciplinary sanctions against Pozsgay, i.e., his removal from the Politburo or from the MSzMP. But given the fact that Pozsgay enjoyed considerable popularity at home and abroad and had substantial backing among the MSzMP's grass roots members (and to a lesser extent within the MSzMP leadership), any attempt to oust him from the Politburo or
from the MSzMP would be politically very costly and would possibly result in the split of the MSzMP into two parties, which was the last thing the conservatives wanted.

Another possible measure might have been the repression of the opposition by force. But it would deepen the already serious division within the MSzMP, thus further aggravating the crisis situation in Hungary. More importantly, Hungary's dependency on foreign trade and its heavy indebtedness made repressive measure less viable. Given the fact that about 60% of overall Hungarian production was marketed abroad, and that Hungary badly needed further credit to repay its debt, any Western economic sanction including the refusal of further loans resulting from the oppression of the opposition would be economically very costly and would possibly lead to a liquidity crisis and eventually to the collapse of Hungarian economy. Therefore, from the MSzMP conservatives' standpoint, any attempt at restoration would be politically and economically very costly, and thus not a viable option.

At the same time, given the difficult task of implementing a tough economic stabilization program, restoration was not perceived as a viable option to the MSzMP conservatives. The one year experiment in economic stabilization in 1988 had a more profound effect on Hungarian society than was originally expected.\footnote{According to the survey of the Hungarian Public Opinion Research Institute carried out in November 1988, the general economic mood of the population was worsening. Sixty nine percent of those questioned felt that the economic situation had been deteriorating, while twenty five percent felt that way in 1984. Sixty three percent felt that the country's economic difficulties were lasting compared with twenty eight percent in 1984. Forty five percent of respondents believed in a speedy economic recovery in 1984, while twenty one percent held this belief in 1988. Of those sampled, seventy nine percent of the respondents felt that they lived under an economic strain. All of these findings reflect the considerable shift in public confidence in the state of the Hungarian economy.}
As shown in Table 3.2, while the government in 1988 failed to meet the projected deficit in the budget and the balance of payments, it overachieved in reducing the wages and consumer spending and in increasing prices. But more importantly, unlike the original projection that the economic situation in 1989 would be much better than in 1988, it became clear by the end of 1988 that the year 1989 would require further sacrifices on the part of the population. That is, the restructuring of industry (including the closure of unprofitable state enterprises), which hardly materialized in 1988 due to the resistance by the large state enterprises (especially mining and steel industries), was expected to speed up in 1989. This implied that outright unemployment would become a mass phenomenon. According to government estimates, the number of those becoming "temporarily" unemployed would reach as high as 100,000-150,000 in 1989 (about 16,000 in 1988). In addition, unlike the earlier projected rate (7-8%), the 1989 rise in consumer prices was

planned to reach 15%. The conservatives' earlier optimism turned out to be wrong. With the public mood worsening due to the expected high inflation and thus further reduction in living standards, the risk of destabilization in Hungary loomed large on the horizon. And now the political implications of economic stabilization, i.e., how to compensate for the economic hardship or how to reduce social tension that accompanies the stabilization process, became the real issue that the MSzMP conservatives could no longer overlook.

Under the circumstances, the only option available to the conservatives was democratization. An "extraordinary" Central Committee meeting on February 10-11, which was closed to the media, marked a critical watershed in the process of Hungary's transition to democracy. Here the MSzMP chief Grósz, diverging from his earlier insistence that political pluralism should be achieved under the one-party system, acknowledged that there was a "realistic demand" in society for the expression of different political and economic interests in the form of organized parties, and announced that the MSzMP would accept the principle of a multi-party system in Hungary.

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116 For example, the steep price increases on January 8 provoked an unusually strong reaction from the hitherto docile Trade Unions. Under the barrage of workers' criticism and protests against the price hikes, the official Trade Unions demanded the price measures be offset as soon as possible. While the Trade Unions did not call for any industrial action, they warned that the size of the price increases might put the workers into a bad political mood. See Népszava, January 14, 1989.

Concerning the so-called "Pozsgay affair," Grósz maintained that Pozsgay's statement on 1956 was "unilateral" and considered the procedure in which it was announced "incorrect." According to Grósz, Pozsgay should have informed the Central Committee before his announcement of the Historical Subcommittee's finding, since the latter's task was commissioned by the former. At the same time, however, Grósz suggested that the Central Committee respect Pozsgay's "personal convictions" and assure him of its "political confidence."

Reminding that the debate on the issue of 1956 divided the nation and intensified social confrontation, Grósz asked whether this was the major issue facing the country. He stressed that the investigation of the past four decades of history was primarily necessary for correcting past mistakes and above all for the benefit of the future, and that the attention of society should be directed toward the issues related to the country's political and economic development. Noting that the lack of unity within the party leadership and undisciplined public declarations of some of the leaders greatly polarized the party members and the country at large, Grósz again called for the party's unity and order for successful implementation of reforms.118

An "extraordinary" Central Committee meeting on February 10-11 alleviated, at least for the time being, the country's socio-political tension which had intensified since the autumn of 1988 and was culminated by Pozsgay's statement in January 1989. By compromising on the issue of 1956, the MSzMP conservatives evaded further polarization of the country. The Central Committee deemed it the better part of wisdom to instruct the

118 Ibid.
Historical Subcommittee to continue its work in preparation for the party congress scheduled in 1990. Until then, the official position on 1956 was that it started as "popular uprising," but later turned into "counterrevolution."[119] Although this compromise formula was still a far cry from calling the 1956 a revolution, it could, to a certain extent, calm down the stirring of public opinion. At the same time, the Central Committee, by avoiding any disciplinary measure for Pozsgay, prevented the possible split of the MSzMP. Given Pozsgay's reputation at home and abroad, the conservatives obviously feared the unfavorable consequence that party sanctions might entail.[120]

Following Grósz' recommendation, The Central Committee also endorsed the creation of a multi-party system in Hungary, thereby ending the internal struggle on the issue of one-party vs. multi-party system. However, the MSzMP conservatives did not intend to put the MSzMP into any unpredictable or unfavorable condition which could

[119] The Central Committee adopted an interim position on the reevaluation of 1956. According to the communique, "The Central Committee considers it necessary to evaluate the national tragedy of 1956 based on further facts and international documents, in a way that reveals the complex contradictions, and in a more differentiated manner than to date. In the debate, the Central Committee concluded: The leadership's inability to reform led to the political explosion of 1956. A genuine popular uprising broke out, in which forces of democratic socialism participated, but at the same time the forces aimed at a bourgeois restoration, the declassed and lumpen elements [deklasszálódott és lumpen elemek] were also present; from the end of October, the counterrevolutionary actions gained strength." See "Közlemény: Az MSzMP Központi Bizottságának 1989 február 10-11-ei üléséről" [Communique on the MSzMP Central Committee Meeting on February 10-11, 1989], Népszabadság, February 13, 1989.

[120] The Central Committee communique stated: "The Central Committee considers it premature that Pozsgay made public the hitherto result of the Historical Subcommittee prior to the discussion in the Central Committee. It also considers it unfortunate that the simplification made in connection with his statement gave rise to misunderstandings. However, the Central Committee ensures Imre Pozsgay of its confidence." See Ibid.
jeopardize its dominant position and power. From the conservatives' standpoint, if they tightly controlled the process of democratization by imposing its steps and tempo, they would not have much to lose even in a prospective multi-party system. Obviously, their calculation relied primarily on weak and fragmented opposition. As will be seen in the following chapter, however, the conservatives attempt at limited democratization turned out to be a failure due to the unexpected turn of events both within and outside the regime.

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121 In his keynote speech at the Central Committee meeting, Grósz said: "A multi-party system is not a step on the road to democracy, it is just another form of democracy in public life. There are also many illusions about this. However, the party should accept social evaluation and demand. Therefore, we should not take a stand against the multi-party system, but should rather think over how to influence the process of creating a multi-party system and what to do for the MSzMP to remain its leading role under the conditions of a multi-party system." See "Pártsegéggel a reformokért: Grósz Károly előadói beszéde a Központi Bizottság ülésén," op. cit.
Chapter IV

From the Project of Limited Democratization
To the Advent of Democracy

1. Introduction

The purpose of this chapter is to analyze the evolution of the MSzMP conservatives' project of limited democratization into the establishment of a democratic rule in Hungary. When the MSzMP conservatives conceded the inevitable, their new strategy centered on how to retain the Communist Party's dominant position in a prospective multi-party system. However, their attempt at limited democratization soon faltered due to the emergence of a united opposition and the major shift in the balance of power within the MSzMP.

First, the failure of limited democratization can be viewed partly as the result of a confrontation between the MSzMP conservatives and the united opposition. The conservatives initially calculated that, given the weakness and a certain fragmentation of the opposition, they could easily divide and marginalize the opposition. By linking the functioning of political parties to the acceptance of a vaguely worded "socialism," the conservatives tried to exclude the radical segment of the opposition. They also attempted to co-opt some of the opposition in a series of bilateral, separate negotiations with some
of the oppositional organizations. When faced with these conservatives' tactics, the
opposition's need for coordinating its strategy and thus for the unifying of its forces became
more pressing. The formation of the Opposition Roundtable, as the unified representative
of the opposition, signaled the major shift in the configuration of Hungarian politics.

As the conservatives' earlier tactics to neutralize the opposition did not work, they
proposed to the opposition to hold Roundtable negotiations similar to the Polish
Roundtable. Obviously, the conservatives' calculation was that, by tightly controlling both
the format and the contents of negotiations with the opposition, they could reach a
compromise (with at least some forces of the opposition) and shape the semi-democratic
outcome (i.e., specific institutional arrangements and/or pre-election agreement) which
would safeguard the MSzMP's dominant position in the political arena. In the course of
confrontation with the MSzMP conservatives, however, the Opposition Roundtable
insisted that it would enter into negotiations with the regime only as the unified
representative of the opposition. At the same time, it consistently argued that the
country's crisis could not be resolved unless legitimate power was established through the
holding of free elections, thereby rejecting any kind of compromised institutional
guarantees. Due to the united stance of the opposition, the conservatives had to abandon
their idea of a "paternalistic" framing of negotiations. This implied a major setback in the
conservatives' project of limited democratization.

Second, the strengthening of reform forces within the regime resulted in the shift in
power relations within the party leadership, which, in turn, greatly undermined the project
of limited democratization. In the spring of 1989, there was a wave of spontaneous grass
roots movements in the MSzMP. The "reform circles" were organized within the party's local branches and succeeded in removing some of the conservative party officials from their posts. They accused the conservatives within the party leadership of plunging the country into political stalemate, openly criticized the conservatives' negotiation tactics toward the opposition, and rejected any compromise formula short of free elections. As the reform forces within the MSzMP grew and became increasingly powerful, defections from the conservative line began to spread from the local party organizations to the higher party echelon. The result was a rapid disintegration of the conservative forces within the MSzMP. Given the reformers' commitment to the idea of electoral legitimation, their ascendancy within the MSzMP leadership virtually signified an end to the conservatives' project of limited democratization.

When the negotiations between the MSzMP (now controlled by the reformers) and the Opposition Roundtable started in June, there was no major stumbling block on the road to a multi-party democracy, since both parties agreed, in principle, to electoral competition without guarantees. However, several controversial issues (e.g., the issue of the Presidency and those concerning the privileges of the MSzMP, such as the party organizations at the workplaces, the future status of the Workers' Militia, and the public account of the MSzMP) deterred the conclusion of negotiations. The resolution of these issues and the subsequent political agreement may be understood as the result of the coincidence of interests between the MSzMP reformers and the moderate wing of the opposition. That is, while the radicals in the opposition repudiated any kind of compromise solution, the MSzMP reformers and the moderates in the opposition shared
common interests in a prompt settlement on the disputed issues, even though each side had to make some concessions to the other. In particular, the prospects for a future coalition between the reformers and the moderate section of the opposition induced them to opt for a compromise on the contentious issues, rather than wasting time in insisting on their initial standpoint. The resulting political pact made in September 1989 paved the way for the establishment of democratic rule in Hungary. The parliamentary elections in the spring of 1990, which ended in a clear victory for the opposition, terminated the four decades of communist one-party rule.

2. The MSzMP Conservatives' Project of Limited Democratization

As discussed in the previous chapter, as a result of the various pressures and constraints they faced, the MSzMP conservatives had no choice but to launch democratization by accepting the principle of a multi-party system. However, what they envisaged was not a genuine, Western-type multi-party system based on equal and open competition. The MSzMP was supposed to play the "determining role" in the process of creating a multi-party system. Now the MSzMP conservatives' strategic objective shifted from keeping the process of political change within the framework of a one-party system.

1 The MSzMP conservatives' starting point was from a position of power rather than a position of competition. The Central Committee stressed: "During the transition to a multi-party system, the MSzMP will openly state that it wants to play a determining role. Its political power, its representation of a democratic socialist development, its social basis, and its historical experience all provide a basis for this." See "Az MSzMP Központi Bizottságának állásfoglalása: A politikai rendszer reformjának néhány időszerű kérdéséről" [The Position of the MSzMP Central Committee on Several Topical Issues], Népszabadság, February 16, 1989.
to safeguarding the MSzMP's long-term dominant position under the conditions of a multi-party system. How could it be done?

**The MSzMP Conservatives' Strategy**

First, the MSzMP conservatives tried to strictly control the process of transition to a multi-party system by dictating its pace from above. The Central Committee emphasized that the transition would be "gradual": "In view of the Central Committee, our society today is not ready for a quick and spontaneous switch to a political structure based on a multi-party system." It argued that the "forced" acceleration of transition might lead to confusion, destabilization, or anarchy. Behind this claim, of course, lay the conservatives' intention to control the tempo of transition according to their own timetable, thereby preventing any unpredictable political evolution.

Second, the conservatives attempted to marginalize and divide the still embryonic oppositional forces. According to the Central Committee's statement, in order for the prospective parties to legally exist and function, one condition should be observed, i.e., the acceptance of socialism. It stressed that the MSzMP would consider only the political groupings that would satisfy this condition as "negotiating partners." The planned new

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2 *Ibid.* The MSzMP conservatives' typical argument was that a rapid pace of transition posed the danger of economic collapse or even of a civil war, and that this danger could be avoided by a "gradual" and "predictable" transition. For this purpose, the media as well as the opposition should display political responsibility and self-restraint. See Fejti's interview in Budapest Television Service, February 19, 1989, translated in *FBIS-EEU*, February 28, 1989, pp. 17-18.

3 "A politikai rendszer reformjának néhány időszerű kérdéséről," *op. cit.*
Constitution was supposed to play a key role in the conservatives' new strategy. In a radio interview following the Central Committee meeting on February 10-11, Grósz stated straightforwardly:

The new Constitution will have to contain the socialist system of society. Therefore, the parties will have to fulfill their political function on a socialist basis, in accordance with their own particular tasks... If they do not accept the Constitution, then the parties cannot function legally. So, it is very simple.4

This was confirmed by György Fejti's report on the draft outline of the new Constitution at the Central Committee meeting on February 20-21. According to Fejti, the "socialist" character of the system and the relevant principles and values of socialism should be summed up in the chapter dealing with the social, economic, and political order. He also reported that the new Constitution would not include the provision on the leading role of the MSzMP. In doing so, the MSzMP would be the first ruling Communist Party in Eastern Europe to relinquish its hitherto unchallenged monopoly of power. But, for Fejti, this did not mean that the MSzMP would renounce its political efforts and intention to remain the "determining factor" of social processes. Concerning the introduction of a multi-party system, he made it clear that only those political parties, whose "goals, programs, and activities" conform to the "principles and values" formulated in the new Constitution, would be allowed to function. Fejti also mentioned the creation of the Constitutional Court. One of its main functions would be to control the registration and the functioning of the political parties. Concerning the independence of judges, he argued

that according to the international practice, the office of a Constitutional Court judge was not incompatible with party affiliation.\(^5\)

The "socialist" nature of the system was to be safeguarded in the new Constitution, and moreover the party registration and the functioning of political parties would be left to the decision of the Constitutional Court which would probably be controlled by the MSzMP. It was clear that the conservatives intended to marginalize the opposition by eliminating the radical wings of the opposition from the political arena.\(^6\) At the same time, they aimed at dividing the opposition by coopting some of the surviving oppositional organizations into power. The Central Committee on February 10-11 already set up a working committee under the Central Committee Secretary Fejti to conduct negotiations with the oppositional organizations on the "new ways of exercising power." The recurrent theme in the conservatives' rhetoric in February and March was the sharing of power and the possibility of setting up of a coalition government. But their real intention was to co-


\(^6\) Grósz, in his speech at the Central Committee on February 10, accused the "extremist" wings of the opposition of deepening the country's crisis. He argued that these oppositional organizations (probably referring to the SzDSz and the FIDESz) did not intend to improve socialism but to abolish it, and that their aim was to weaken the regime and take over power at the proper moment. See "Pártegyeséggel a reformokért," \textit{op. cit.} In a similar way, Fejti also claimed that there were considerable radical forces within the opposition which, under the rhetoric of cooperation, pursued a "confrontational" policy. He said that the MSzMP would not negotiate with these forces. See Budapest Television Service, February 19, 1989, translated in \textit{FBIS-EEU}, February 28, 1989, p. 18.
opt some of the moderate wings of the opposition, thus enforcing them to play a junior role in the exercise of power.

Third, the conservatives attempted to project the MSzMP as the only political force to lead the country through a peaceful transition. At the Central Committee meeting on March 7, Berecz presented the outline of the MSzMP's new action program. In Berecz' words, it was formulated as a "starting point" for the next elections, that is, as a kind of party campaign platform. He said that the MSzMP would pursue the values of freedom, justice, and solidarity. According to him, freedom was based on the assertion of individual independence and human rights; justice meant striving for equal political, economic, welfare, and cultural opportunities; and solidarity meant interdependence, mutual respect, and responsibility toward community. Berecz claimed that these ideals could be achieved only through the "building of socialism."7

Probably fearing that the MSzMP would lose a significant proportion of its already declining membership to the MSzDP in a multi-party system, Berecz underscored that the MSzMP was the "united" party (referring to the merger of the Communist and Social Democratic Party in 1948). He said that the MSzMP should further strengthen social-democratic and reform-communist spirit in its action. He even suggested that the MSzMP exceed the class boundaries, and that its program attract various segments of the population (various strata of workers, peasants, small-scale entrepreneurs, etc.).8

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7 "Berecz János jelentése az MSzMP eklektikus programról" [János Berecz' Report on the MSzMP Action Program], Népszabadság, March 8, 1989.

8 Ibid.
According to Berecz, the MSzMP was the only experienced political force that had the required qualifications for governing and leading the country out of the crisis. He said:

The great assets of the MSzMP are the level of its organization, the commitment to strengthening the reform policy, the respect for community, and self-sacrifices. The MSzMP breaks with a political and economic structure that has proven to be distorted and mistaken, and it separates itself from the mistakes made by the previous leadership and from subjectivism and politics that excluded the participation of party members. The MSzMP relies on its political experience and on the lasting values and results achieved in social development after 1945. It is our historical obligation to make sure that the MSzMP takes primary responsibility for leading the country to the path of development.9

Following the Berecz' report, the Central Committee adopted the action program of the MSzMP. It included:

1. The implementation of the people's will: (i) a democratic and socialist Constitution; (ii) representational democracy; (iii) a legislature representing the people's sovereignty, independent courts, and an efficiently functioning government; (iv) self-government, security, and development for communities, villages and towns.

2. A modern system of political institutions: (i) a multi-party system; (ii) the possibility of a government coalition; (iii) a renewed HNF movement.

3. Security of individuals and communities: (i) the assertion of human rights and legality guaranteed by the law; (ii) independent political activity of the young people; (iii) social appreciation of women, and equal opportunities for the exercise of their rights; (iv) the protection of legally obtained property; (v) security, order, and discipline that serve the public interest.

4. A reform of the economic system: (i) the consistent transition to a market economy; (ii) equal rank for various forms of ownership, a decisive role for public property; (iii) gradual implementation of convertibility; (iv) the reform of the CMEA.

9 Ibid.
5. A renewal of economic policy: (i) an economy adjusting to Europe and to the world at large; (ii) a better utilization of resources and increase of exports; (iii) the modernization of economic structure, of the infrastructure; (iv) curbing poor performance; (v) a fair distribution of public burdens.

6. Better conditions of living: (i) a decrease in the level of inflation; (ii) an increase in real wages where efficiency in performance improves; (iii) the development of backward areas.

7. A social policy that guarantees security of living; (i) state support for acquiring the first housing; (ii) the creation of better and more secure conditions for young people to find a job; (iii) support for people in extremely disadvantageous conditions; (iv) retraining and job opportunities for the unemployed.

8. A social security system: (i) a uniform and financially independent social security system; (ii) a reform of the health system and the free choice of physicians; (iii) the introduction of a more just pension system.

9. Environmental protection: (i) an environmental-oriented attitude and thinking; (ii) development of environment-conservation technologies; (iii) halting the further deterioration of the environment.

10. Free and creative intellectual work: (i) freedom of research and publications; (ii) improvement of opportunities for talented people in education, jobs, and public life.

11. A renewal of education: (i) appreciation for teachers; (ii) a democratic school system that develops individual abilities; (iii) a free system of university acceptance.

12. Peace, security, and cooperation: (i) the continuation of independent foreign policy; (ii) a common European home; (iii) strengthening cooperation with the Soviet Union that advances on the road of reform; (iv) friendly relationship with neighboring countries; (v) a world free of military blocs.\textsuperscript{10}

According to the action program, the MSzMP wanted to lead the transition to a "broad democracy" in a peaceful way and without increasing tensions. It stressed that the

\textsuperscript{10} "Fellendülést, demokráciát, szocializmust a jövőnkért -- Mire törekszik a MSzMP?" [Development, Democracy, and Socialism for Our Future -- What Does the MSzMP Strive For?], \textit{Népszabadság}, March 11, 1989.
MSzMP strove to have a "determining" influence on society through the party members' readiness for initiatives and the confidence of voters. It declared: "those who choose our program will choose reality and security rather than illusions." However, the immediate question was whether the regime had the financial resources to fulfill its promises (e.g. better conditions of living, a social policy, a social security, let alone environmental protection) in the period of difficult economic stabilization, and whether the MSzMP (especially the conservatives) had enough credibility left to convince people that it was serious about leading the country toward genuine democracy.\(^1\)

As seen above, although the MSzMP conservatives had to accept the creation of a multi-party system, their new strategies still reflected their old reflexes, and above all the arrogance of power.\(^2\) They did not view the opposition as a genuine participant in the process.

\(^{11}\) György Rudner, the spokesman of the revived MSzDP, correctly summed up the action program of the MSzMP: "I see the problem in that the program wants too much and promises too much. It would be much more rational if it gave specific proposals and did not portray visions of promised land. Thus, for me, it has no real credibility, especially since the party's promises have, in fact, been the same over the past 40 years. Practice, however, did not show that the MSzMP had taken them seriously." See *Magyar Nemzet*, March 12, 1989.

\(^{12}\) Let me take an example to show how cynical was the attitude of the conservatives on the question of power-sharing. In answer to a question on whether the MSzMP would seriously seek power-sharing with the opposition, Grósz pointed out: "No party can ever give up its leading role. The party leadership, and I hope the party members too, think that the MSzMP is able to preserve its leading role. At the same time, the MSzMP does not want to maintain a monopoly in exercising power, but, along with its preserving its leading role, it also intends to include others in exercising this power. We have already an example for this: The President of the Presidential Council, the Minister of Education and Culture, and the state secretary of the Planning Office are non-party members. Thus we already witness power-sharing." See "Az egész területeken felkeresünk eredményes kooperációt -- Grósz Károly nyilatkozatát a Tanjugnál" [We Are Seeking Efficient Cooperation in All Areas -- Károly Grósz' Interview with Tanjug], *Népszabadság*, February 27, 1989.
transition to a multi-party system, neither did they have any intention to risk open competition. In any case, despite the major setback they suffered since the late autumn of 1988, the MSzMP conservatives now seemed to get their momentum by taking over the role, albeit unnatural, of the reformers in the transition to a multi-party system. Given the weakness and fragmentation of the opposition, the conservatives expected that their project of limited democratization would be successful. They also hoped that the acceptance of the principle of a multi-party system would end the protracted division within the MSzMP. Very soon, however, it became evident that it would not be the case: the MSzMP's new strategies were disrupted by unexpected political moves among the various forces both within and outside the regime.

**The Strategic Interaction between the MSzMP Conservatives and the Opposition**

The MSzMP conservatives' new tactics against the opposition did not work well from the beginning. First, their attempt to tie the functioning of political parties to the acceptance of socialism soon proved to be unsuccessful. Given the fact that they categorized the radical wings of the opposition (the FIDESz and the SzDSz) as "anti-socialist" forces, their insistence that the new Constitution should include the "socialist" character of the system was obviously an attempt to bar the radical oppositional organizations from forming into political parties. But the conservatives had to confront various questions that could not be easily answered.

The immediate question was what socialism was. For Fejti, the term socialism could not be easily defined, but the basic values of socialism could still be enshrined in the
Constitution. But does it make sense to talk about the basic values of socialism while one cannot define what socialism is? According to Fejti, the basic values were humanitarian values of socialism, the ideal of solidarity, and social justice, and the Constitution should reflect them: "We want to define Hungary as a socialist state."\(^\text{13}\) In answer to a question on the definition of socialism, Grósz waffled, arguing that the idea of socialism was compromised by a number of "mediocre" people who exercised power in the name of socialism. According to his version,

Socialism means a mixed-property society, in which state, cooperative, and private property are all present, but in which state and cooperative property comprise the majority. I consider extremely important the fact that, in addition to freely developing individual abilities, socialism makes use of the values inherent in the community. Socialism does not make these different values confront each other, but connects them for the benefit of individual and community prosperity. I also consider it characteristic of socialism that performance principles should prevail in achievements and in distribution, along with this, society must bear greater burdens in eliminating social inequalities.\(^\text{14}\)

Were the prospective political parties supposed to accept this, at best, poor version of socialism in order to function legally? Very soon, it became evident that with this definition of socialism and its vague values, the conservatives could not eliminate the radical section of the opposition from the political arena. The representatives of the independent political organizations expressed their immediate objection to the MSzMP conservatives' attempt. According to them, "it would be a better solution not to include


\(^{14}\) "Az egész területeken felkeresünk erdeményes kooperációt," \textit{op. cit.}\)
the term socialism, since its meaning is ambiguous, and thus could not be defined." They suggested that without using the term socialism, the Constitution include articles which have legal content and which can be defined in legal terms.15 Under increasing attack, the conservatives had to retreat, saying that "a further elaboration of the image of socialism and a thorough formulation of the basic values that represent socialism still have to be carried out."16

The MSzMP conservatives' attempt to play out the oppositional organizations against one another by co-opting some of these into power did not work, either. As mentioned earlier, a working group under Fejti was set up at the Central Committee meeting on February 10-11, and a series of separate, bilateral negotiations with the oppositional organizations (the FIDESz and the SzDSz were excluded from consultations) were conducted between February and early March. The conservatives' calculation was that in the course of negotiations their offer (e.g. the possibility of governing or electoral coalition, financial assistance, etc.) would be accepted by some of the oppositional organizations, and thus they could keep the still weak opposition divided.

15 Magyar Nemzet, February 22, 1989. The MSzMP reformers also joined the attack against the conservatives. Iván T. Berend said: "The term socialism is undefinable in legal terms, and I do not think it important whether there is an adjective in front of the term democracy." Pozsgay also said: "In my view, it is not desirable to impose the acceptance of socialism on the new political parties. This might result in the tyranny of the group of authority which feels responsible for determining the characteristics of socialism." See Magyar Nemzet, February 23, 1989.

16 "Interjú Fejti György a KB titkárral: Az alkotmányozás legyen közmegegyezés" [Interview with Central Committee Secretary György Fejti: There Should Be a Consensus in Drafting the Constitution], Magyar Hirlap, March 19, 1989.
But contrary to the conservatives' wishful thinking, these negotiations did not yield any immediate result. First, the oppositional organizations knew well the communists' time-honored tactic of "divide and conquer." Some of them, especially the so-called "historical parties" such as the FKgP, the MSzDP, and the MNP, still had a vivid memory of the fate of a coalition government in the period 1945-48, when they were either forcefully removed or merged by the Communist Party. They did not want to repeat the same mistake.17 Second, the fact the Central Committee Secretary Fejti, who was considered a "hard-liner" by the opposition, headed the MSzMP's negotiation team was enough to make them question the conservatives' real intention. Thus, the general opinion of the opposition was that the establishment of a coalition government was not a matter to be rushed into.18 Ironically, the conservatives' tactic of "divide and conquer," in fact, helped unite the forces of the opposition. As the leaders of the opposition came to realize that the weak and divided opposition could not effectively hinder the MSzMP conservatives' attempt to neutralize the opposition, the unification of oppositional forces became the most urgent task.


18 Zoltán Biró, the President of the MDF, evaluated the situation as follows: "There is no possibility for a coalition government in Hungary today. We see no possibility for this since the MSzMP in present form is not suited to conclude a coalition. At the same time, the legal status of the newly emerged parties still remains unclear. Under the circumstances, the coalition would not have the indispensable legitimacy in the eyes of the people, and it would only be a pseudo-coalition [ákoalíció]." See Magyar Nemzet, March 19, 1989.
a. The Formation of the Opposition Roundtable

The anniversary of Hungary's 1848 revolution against Austrian rule proved to be the major catalytic factor in the rallying of all oppositional forces. While the March 15 anniversary had been observed under Kádár's rule, it had been ranked low in the regime's celebration list. But in 1989 it would become, for the first time, a work-free national holiday, and the authorities called for, as a gesture of good will, the joint celebration by the MSzMP and the independent political organizations. This offer, of course, was rejected by the independent organizations. Above all, they wanted to use this occasion as a test ground for their own strength. The result was more than encouraging for the opposition: the people gathered at the celebration organized by the oppositional organization far outnumbered those gathered at the official celebration prepared by the MSzMP. Although the March 15 celebration fell short of being an anti-regime demonstration, this showed the opposition both its potential strength and the necessity of concerted action.

Following the March 15 anniversary, the process of unification of the opposition accelerated. Imre Kónya, the leader of the Independent Lawyers' Forum [Független Jogász Fórum, FJF] which was set up in November 1988 to promote the rule of law and of a radical reform of the legal system, played an important role in this process. On March 16, Kónya called for the establishment of a Roundtable of independent organizations and proto-parties to coordinate their activities and to work out a common position on basic issues. The appeal said:
What can the independent political organizations and parties do to bring about the political change? They should distance themselves from any political step (such as a premature coalition with the government, unilateral compromises, and pseudo-negotiations) that would damage the prestige of the given organizations ... There is a fundamental identity of interests among these independent organizations, and their interests are in harmony with the interests of the whole nation; it is both necessary and a moral imperative to coordinate views on major issues. On the basis of an objective identity of interests and by means of a deliberately developed solidarity, these organizations should stop the regime's attempt, both open and hidden, to divide them, and make sure that society is genuinely involved in the decisions of eliminating the existing power structure ... We believe that only jointly can we represent our society's awakening from its lethargy. We feel that society also expects us to be able to cooperate, while preserving our own feature.19

Thus, at the initiative of the Independent Lawyers' Forum, the representatives of the oppositional organizations met on March 22 in the building of the Law School of Eötvös Loránd University in Budapest, and announced the establishment of the Opposition Roundtable (Ellenzéki Kerekasztal, EKA). Its participants were the MDF, the SzDSz, the FIDESz, the FKgP, the MSzDP, the MNP, the FSzDL, and the Bajcsy-Zsilinszky Friends' Association. The working principle of the EKA was that it could only issue statements with the consent of all the eight participants.20

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The formation of the EKA was not pleasant for the MSzMP conservatives, since the united opposition meant a much greater danger to their project of limited democratization. In the meantime, a negotiated type of transition continued in Poland with the participation of the most important political forces. The Polish type of national Roundtable seemed to be a suitable one to be followed by the MSzMP conservatives. The Central Committee on March 29 recognized the need to create a "forum of consultation" between the major socio-political organizations, including the MSzMP. According to its communique,

The Central Committee proposes the following agenda for genuine talks: the coordination of opinions connected with the preparation of the new Constitution; debate on the issues connected with the new election system and with cooperation at the elections; and the coordination of views on economic stabilization and the creation of citizens' social welfare. These talks could create the conditions for laying the foundations of national collaboration and providing possibilities for various political factors to participate in exercising power.\(^{21}\)

In this spirit, the MSzMP called the preparatory meeting for the creation of a national forum on April 8, in which not only the major oppositional organizations but the social organizations (such as the Association of Hungarian Resistance Fighters and Antifascists and the National Council of Hungarian Women, etc.,) and the MSzMP's dependent organizations (such as the HNF, the National Council of Trade Unions, etc.,) were invited. Obviously, the objective for the MSzMP conservatives was to reach a

\(^{21}\) "Közlemény: Az MSzMP Központi Bizottságának 1989 Március 29-ei üléséről" [Communique on the MSzMP Central Committee Meeting of March 29, 1989], Népszabadság, March 31.
compromise similar to the semi-democratic achievement of the Polish Roundtable talks, hence retaining its dominant position in the prospective multi-party system. But they did not have any intention to treat the opposition as genuine participants in these negotiations; neither did they abandon the intention to divide the opposition. First, the oppositional organizations were invited individually by phone calls (moreover, not by Fejti, but by his secretary), clearly showing how cynical and high-handed the conservatives' attitude toward the opposition was. They simply ignored the existence of the EKA. Second, the FIDESz was not invited to the meeting on the grounds that it was the member of an umbrella organization for youth, the National Council of Hungarian Youth Organizations, which would send the representatives to the meeting.  

This was a great challenge to the survival of the EKA, since its members could not decide whether they should participate in the preparatory meeting initiated by the MSzMP. The EKA meeting was convened on April 7 to make a decision on this issue. Some of its members (the MSzDP and the FkgP) were in favor of participation in the meeting, arguing that if they did not participate it would give the MSzMP conservatives a good excuse to invalidate the negotiations with the opposition: "See, this is the opposition, it wants to sabotage our efforts for negotiations." Other members of the EKA (the FIDESz and the SzDSz), on the other hand, warned that the opposition might be ensnared by participating at the meeting. That is, the conservatives would play a kind of "big brother" role by downgrading the oppositional organizations to the level of politically insignificant social

22 Balint, op. cit., p. 36.
organizations. After long hours of discussion, the EKA concluded that there would be no gain for the opposition to participate in this "fake negotiation."\(^{23}\)

The April 7 meeting of the EKA proved to be a critical watershed in shaping the opposition's identity and strategy in the new circumstances. This signified the transformation of the EKA from a formal umbrella organization into a real political force. It emerged as the unified representative of the opposition against the representative of monopolistic power. On April 8, the EKA announced the united refusal to attend the meeting organized by the MSzMP, thus saving its unity and creating an opportunity for itself to play the major role in the real negotiations later on. With the absence of oppositional organizations at the meeting, the MSzMP conservatives suffered the first setback in their attempt at "paternalistic" framing of the negotiations.

b. The Confrontation between the MSzMP Conservatives and United Opposition and Its Consequence

Since the EKA's refusal to participate in the meeting initiated by the MSzMP, the tug of war between the MSzMP conservatives and the EKA had begun. Obviously, both the MSzMP conservatives and the opposition recognized the need for a negotiated type of transition, but each of them had a widely different view of the nature of negotiations. The first issue concerned the form of the table at which negotiations with the MSzMP should take place. The EKA insisted on a rectangular table so that the representatives of power

and of the opposition could sit face to face each other. For the MSzMP conservatives, however, this arrangement was simply unacceptable. They wanted the framing of Roundtable, in which not only the oppositional organizations, but the social organizations including the MSzMP's satellite organizations, could participate and represent themselves on an individual basis. In this way, they wanted to minimize the role of the opposition in negotiations.

Another dispute between the MSzMP conservatives and the EKA was about the contents of the negotiations. The EKA argued that the discussions should be concentrated on issues directly related to the conditions of a peaceful and democratic transition. Its argument centered on the problem of legitimacy. That is, neither the opposition nor the regime could exclusively speak on behalf of society. The only way to solve the problem of legitimacy was to establish legitimate power, and this could be done only by the holding of free elections that would guarantee equal chances for each of the competing parties and

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25 In a response to the EKA's demand, Fejti said: "My answer to the opposition's idea of a dialogue between two opposing sides would be negative. The MSzMP will not accept a solution, in which the MSzMP is on one side and the representatives of an opposition are on the other side. Some social organizations would not agree with this because it would not reflect the complex structural pattern of society. Such an interpretation of a dialogue implies the existence of an 'MSzMP versus society.' This is completely a false assumption. We want a multilateral exchange of views, in which every organization can express and maintain its own views. We are ready to conduct a dialogue with anyone at such a national Roundtable. We regard this as desirable way to prepare the bases for a general consensus." See "Fejti György a nemzeti kerekasztal feltételéről" [György Fejti on the Conditions of the National Roundtable], Magyarország, April 25, 1989, p. 22.
opportunity for voters to become freely informed. The MSzMP conservatives, on the other hand, argued that not only political but economic issues should be discussed in the negotiations. Concerning the EKA's claim that economic issues should be the task of the government, the conservatives accused the opposition that it was politically "irresponsible" and only interested in its short-term interests.

There were two rounds of the behind-the-scenes talks (held on April 22 and May 2) between the MSzMP conservatives (György Fejti and Imre Forgács) and the EKA (László Solyom of MDF and Péter Tögyessy of SzDSz). But when these talks could not narrow the difference of position between them, the MSzMP conservatives unilaterally broke off further talks with the EKA and made a last attempt to disrupt its unity. On May 8, the Central Committee made public a proposal on setting up a "political coordination forum." Its proposal stated that the MSzMP would accept as negotiating partners "all social and political organizations which stand on the basis of constitutionality, and which accepts an obligation for operation based on law on association." It also stressed that

26 "Interjú Kónya Imrével: Érvényesítsük a népakaratot szabad választásokkal" [Interview with Imre Kónya: People's Will Should be Asserted by Free Elections], Magyar Nemzet, April 17, 1989.

27 "Fejti György a nemzeti kerekasztal feltételéről," op. cit. Fejti ruled out the possibility of open competition for the upcoming elections, saying that entirely free elections would be possible only in 1995. He said: "Neither an exclusively competitive formula nor a solution based on exclusively preliminary agreements was desirable for the upcoming elections. We will have to find a combination of two forms." See "Beszélgetés Fejti György a KB titkárral -- Ma még nyíltott kéré dés a választási forma és technológia" [Conversation with Central Committee Secretary György Fejti -- The Form and Technique of Election Is Still an Open Question], Képes 7, April 7, 1989.
each organization should "exclusively" represent itself, thus making it clear that the EKA would not be accepted as a unified representative of the oppositional organizations.28

According to the proposal, the topics of the coordination forum would include (i) determining the principles and rules related to the reform of the political system, realization of democratic transition, discussion on the content of the related essential laws (on the Constitutional Court, the parties, the electoral law, and so on), and the date of elections; (ii) working out the measures aimed at overcoming the economic crisis and easing social tension.29 At the same time, however, the Central Committee urged the Council of Ministers to finalize the various draft laws as soon as possible and to submit them to the National Assembly.30 It was contradictory that while the Central Committee called for the forum that would discuss the laws related to the democratic transition, it pushed the Council of Ministers to submit them to the National Assembly. This was, of course, the MSzMP conservatives' attempt to force the opposition (or part of it) to accept their framing of negotiations, by threatening the opposition that they would press their own version of legislation through Parliament.

The opposition immediately attacked the conservative' new move. In its statement, the EKA made a strong protest against the Central Committee's proposal. It said:

28 Népszabadság, May 9, 1989.
29 Ibid.
The preparatory talks between the EKA and the MSzMP were held in two rounds. Instead of continuing these talks, the MSzMP unilaterally broke them off for the sake of its new initiative. We learned of this with great amazement and regret. The MSzMP now turned to the oppositional organizations themselves over the head of the EKA -- or put more crudely but more precisely, throwing the EKA out of the window -- and asked them to consider multilateral talks. Obviously with the intention of splitting the unity of the opposition, and fearing that it would not defend its standpoint in the course of rational arguments, the MSzMP is endeavoring to continue to play the role of the great unifier, separately, in multilateral negotiations. We firmly reject the MSzMP's proposal, and the unity of the Opposition Roundtable will be preserved. And if the MSzMP truly wants constructive talks, it should continue the preparatory talks as soon as possible.31

In their response, the MSzMP conservatives claimed that it was not the MSzMP but the EKA's "confrontational stand" that caused a deadlock in the preparatory talks. They also argued that the new initiative was needed since this "unproductive" talks with the EKA would not yield any meaningful result, and that the public was eager to hear that the agreement would be reached among the responsible social and political organizations.

Referring to the EKA's statement, Grósz said:

Lack of understanding and mistrust are abundant nowadays. Our partners have rather strong doubts about our honest, correct, and clean intentions. These doubts, in fact, have continued to be their habit. We already informed every organization and every force being organized into a party of our proposal, and asked them to answer.

31 "Az Ellenzéki Kerekasztal állásfoglalása: A tárgyalási késedelemért az ellenzéki szervezetek nem vállalhatnak felelősséget" [The Position of the EKA: The Oppositional Organizations Cannot Take Responsibility for the Delay of Negotiations], *Magyar Nemzet*, May 12, 1989. With regards to the conservatives' attempt to pass the laws related to the democratic transition through Parliament, the EKA spokesman Péter Tögyessy pointed out that neither the government nor the National Assembly had any legitimate power to either draft or enact the relevant laws, and that it was contradiction that the laws aimed at dismantling the existing power structure should be created within the framework of the existing power structure at the given time. See *Ibid.*
Today we have received an answer from one organization. So we are still waiting. The MSzMP will formulate its final position once it has those answers.\(^3\)

The difference of standpoints between the MSzMP conservatives and the EKA seemed to be irreconcilable, and the result was a stalemate. Both parties expressed the willingness to negotiate, but they continued to reiterate their own position. How, then, could this stalemate be resolved? Obviously, both the MSzMP conservatives and the opposition fully recognized the need for negotiations, but for different reasons. The opposition wanted to get as many concessions as possible from the MSzMP conservatives. But it was well aware that given its lack of social basis and widespread political apathy among the population, the continuance of open confrontation with the MSzMP conservatives would be self-defeating.\(^3\)

The MSzMP conservatives, for their part, had to realize that any agreement on the democratic transition that excluded the opposition would be the object of mockery at home and abroad. They, in fact, fell under growing pressure to start negotiations with the opposition. The Polish Communist Party had already concluded an agreement with Solidarity, and in May Poland was preparing the national elections. The MSzMP conservatives felt that they were lagging behind their Polish counterparts. Moreover, the

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\(^3\) "Az MSzMP a választ vár -- Grósz Károly az ellenzéki kerekasztal állásfoglalásáról" [The MSzMP Is Awaiting Answer -- Károly Grósz on the Position of the EKA], \textit{Népszabadság}, May 14, 1989.

\(^3\) By the end of May, the MDF had about 10,000 members, while the claimed membership of other oppositional organizations ranged between 1,000 and 2,500. See \textit{Figyelő}, June 11, 1989, p. 8.
reburial of Nagy scheduled on June 16 was also a heavy burden to the conservatives.\textsuperscript{34}
They were afraid that this occasion might turn out to be a serious political defeat for them, and thus they wanted to start the negotiations with the opposition prior to June 16. By this gesture, the conservatives hoped to turn this event into a symbolic ceremony of "national reconciliation."

The forthcoming visit of U.S. President Bush in July was another constraint on the part of the conservatives (and the stimulant for their agreement to negotiate). They knew well that the negotiations with the opposition would undoubtedly enhance the regime's image abroad, and hoped that this new image could earn some new loans.\textsuperscript{35} This is not an overstatement if one looks into the dire state of Hungarian economy. In a parliamentary speech on May 10, Prime Minister Németh presented a gloomy picture of the country's financial situation. He said:

\begin{quote}
A huge debt practically ties our hands and compels us to follow a forced direction in many areas. The repayment and interest burden of this debt exceeds $3 billion annually. In addition, we have to pay some $5.5 billion for capitalist imports, and thus these sums make up an expenditure of $8.5-9 billion. Against this, our income from exports makes up about $6 billion. The imbalance could only be equalized by taking out further loans. Thus we have to take $2.5-3 billion annually in loans only to be able to repay our debts, and
\end{quote}

\textsuperscript{34} Following the reevaluation of 1956 at the Central Committee meeting on February 10-11, the government, out of "humanitarian" considerations, agreed to the reburial of Nagy and his associates who had been secretly executed in 1958.

\textsuperscript{35} During the Bush visit in mid-July, Hungary was granted most-favored-nation status and was also promised a package of economic aid worth $40 million. President Bush also assured US backing to new loans from the IMF. See Budapest MTI, July 14, 1989, reported in \textit{FBIS-EEU}, July 15, 1989, pp. 13-15.
nothing is left for restructuring of our industry. This is the essence of the situation we have inherited.\textsuperscript{36}

More disturbing news on the country's economy came from Egon Kemenes, the Chairman of the National Planning Office. In his report at the Politburo meeting on May 16, Kemenes said that by the end of April, the budget deficit already amounted to 42 billion forint mainly due to the continuing decline in industrial performance (which dropped by 2\% in the first three months of 1989) and state support for unprofitable enterprises (especially the CMEA industries), and that if this trend continued, the deficit would reach 60 billion forint ($1 billion), instead of a projected 20 billion forint. He also revealed that the country's gross debt was now $23.5 billion, instead of said $18.5 billion, and the net debt $19.5 instead of $15.5 billion. According to him, the country's foreign reserves had declined to $890 million, meaning that Hungary was able to finance import transactions for only 23 days.\textsuperscript{37}

It was evident that the government's program of economic stabilization (1988-1990), which envisaged a balanced budget and payments, as well as large-scale industrial restructuring and a low single-digit inflation rate by the end of 1990, was already illusory. In answer to a question whether the stabilization program was still valid, Németh bluntly said, "unrealistic short-term promises lead only to the deepening of the country's economic crisis." According to him, the government was already drafting a "very radical, decisive"

\textsuperscript{36} "Németh Miklós a kormányátalakításról és kormányának feladatairól" [Miklós Németh on the Government Reshuffle and Its Tasks], \textit{Népszabadság}, May 11, 1989.

reform program, whose emphasis would be on the reduction in CMEA trade, the reform of ownership, and a drastic reduction in state subsidies in housing, health, education, and state enterprises. He stressed that the additional hardship on the population would be forthcoming, saying that "the government must be determined and firm in asserting certain decisions even when it knows that these decisions would intensify social tension."

However, the additional burden on society would further discredit the MSzMP, and this would mean, above all, the loss of votes for the MSzMP in the forthcoming elections. This is why the conservatives badly wanted to include the economic issues in the negotiations and to share the responsibility with the opposition for the deterioration of the country's economy and for the unpleasant task of presenting the Hungarian population with the drastic measures of economic austerity. Fejti noted at the May 16 Politburo meeting: "The increasing hardship and the continuing deterioration of the living standards could lead to a further loss of confidence in the party. We need some kind of agreement with the opposition on the way out of the current economic crisis."

Under growing pressure, the MSzMP conservatives asked the EKA to restart the preparatory talks. Two secret meetings between the conservatives (Fejti and Forgács) and the EKA (Tölgyessy and Solyom) at the end of May narrowed the differences of standpoints between them. Here the MSzMP conservatives made a proposal of "trilateral" negotiations, in which the MSzMP would be seated on the one side, the EKA on the

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39 Kimmel, op. cit., p. 88.
another side, and the social organizations including the MSzMP's satellite organizations on
the third side. This meant that the conservatives finally acknowledged the EKA as the
unified representative of the opposition, and that the social organizations were expected to
represent as unified opinion as the EKA. In its response, the EKA expressed its
willingness to accept the conservatives' offer on condition that (i) the organizations on the
third side would take part in the negotiations only with the right of consultation; (ii) the
MSzMP would abandon the unilateral drafting of major bills on the democratic transition
and its attempt to pass them through the National Assembly; and (iii) matters of the
national economy would be put on the agenda only if the EKA receives all relevant
information.40

The conservatives accepted the conditions presented by the EKA, and the
agreement on holding a trilateral negotiation was signed on June 10. The agreement
stipulated that no political force could declare itself as "the sole trustee of the people's
will." The inclusion of this article in the agreement was a heavy concession on the part of
the MSzMP conservatives, since it was tantamount to admitting that there was no
legitimate power in the country. The agreement also stated that the implementation of a
democratic transition could take place only by "peaceful means free of violence." In this
regard, it regulated that no political organization could have direct control over the
military. The main points of the agreement were as follows:

(i) The negotiating table would be triangular. That is, in addition to the MSzMP and the EKA (8 original members plus the Christian Democratic People's Party [Kereszténydemokrata Néppárt, KDNP] established in March), the so-called "third side" [harmadik oldal] comprising the social and the MSzMP's dependent organizations would take part in the negotiations. But the task of the "third side" would be to facilitate and support the agreement of two prime negotiating parties, thus its negotiating power would be somewhat restricted.

(ii) The Parliament would not consider the issues subject to negotiations prior to the reaching of an agreement by the negotiating parties, thereby preventing any unilateral steps that would thwart the purpose of these negotiations.

(iii) The agenda for the negotiations would be the formulation of the principles and regulations aimed at implementing a democratic political transition, as well as the strategic tasks of overcoming the country's economic and social crisis.41

Two months of tug of war between the MSzMP conservatives and the opposition thus ended in a victory, albeit incomplete, for the opposition. Due to the united stance of the opposition, the conservatives had to finally abandon their idea of "paternalistic" framing of negotiations. Above all, the MSzMP would have no political organization to negotiate with unless it accepted the EKA as the representative of the united opposition. Some circumstantial factors (such as the conclusion of the Polish Roundtable, the reburial of Nagy on June 16, and the visit of U.S. President Bush in mid-July) also pushed the conservatives to make concessions to the opposition. Moreover, the continued deterioration of the country's economy continued to be a heavy constraint on the conservatives. They wanted to work out a package of unpopular austerity measures with the opposition, thereby sharing their burden with the opposition. Therefore, the MSzMP conservatives had to make heavy concessions and agreed, albeit grudgingly, to negotiate with the opposition. But when they decided to start the trilateral negotiations, the

41 Magyar Nemzet, June 12, 1989.
conservatives were no longer the dominant force within the regime. By then, the power balance within the MSzMP increasingly favored the reformers. This may also be a part of the reason why the conservatives were forced into retreat.

**The Shift in the Balance of Power within the Regime**

There had been a fundamental change in the balance of power within the MSzMP in the spring of 1989. As seen above, the MSzMP conservatives still maintained their dominance within the party and played a key role in agenda-setting in the new circumstances, i.e., the transition to a multi-party system. Grósz' acceptance of a multi-party system in his keynote speech at the February 10-11 Central Committee meeting, Fejti's report of the draft outline of the new Constitution at the February 20-21 Central Committee meeting, Berecz' presentation of the new action program at the March 7 Central Committee meeting, and Fejti's leading of the MSzMP team in the negotiations with the opposition all confirmed this. But power relations within the MSzMP had undergone a rapid change.

**a. The Emergence of "Reform Circles" and Their Role**

The impetus for change, first of all, came from below. The so-called "reform circles," a spontaneous grass roots movement within the MSzMP's local branches to promote internal democratization, had been rapidly organized throughout the country since early 1989. They openly criticized the MSzMP's policy towards the opposition and accused the conservatives within the party leadership of plunging the country into political
stalemate. They also pressured to convene local party conferences and successfully removed some of the conservative party officials from their posts.42

The increasingly visible activities of the reform circles were enough to alarm the MSzMP conservatives. Concerning the local party conferences where reform circles played a major role in the personnel changes, Central Committee Secretary János Lukács argued that, while local party organizations had been very active in "self-criticism and self-flagellation," they had achieved only minor result in restoring party unity and working out plans for the future. He made clear his disapproval of the organizations of "reform circles" which, in his view, totally disregarded the MSzMP's organizational rules.43 In a meeting with Zala county party officials, Grósz also strongly accused the reform circles of instigating factionalism within the party, and expressed his grave concern about their attempts to organize themselves on a horizontal basis, as well as their sympathy for the opposition. He warned that the "undisciplined" activity of the reform circles might lead to the disintegration of the MSzMP.44

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42 According to Kimmel, where local party conferences had been held, about two-thirds of the old office-holders had not been reelected. It was notable that Imre Klenovics (First Secretary of the Somogy County) and Sándor Szábo (First Secretary of Csongrad County), who were both Central Committee members and regarded as Grósz' supporters, were removed at the party conferences. See Kimmel, op. cit., p. 75.

43 "Beszélgetés Lukács János a KB titkárral -- A helyi pártértékezleten a minőségi munkára szükség van" [Conversation with the Central Committee Secretary János Lukács: We Need the Quality Work at the Local Party Conference], Képes 7, March 31, 1989, pp. 12.

44 Népszabadság, April 13, 1989.
The reform circles' first joint activity took place under the name of "reform workshop" on April 15. At the meeting, 80 representatives of 30 reform circles held a discussion on the renewal of the MSzMP in a transition to a multi-party system. Their joint statement issued at the end of the meeting called on the MSzMP leadership to acknowledge the existence of reform circles and to ensure their operational conditions, including the establishment of a horizontal structure. It claimed that in order for the MSzMP to adapt successfully to the conditions of a multi-party system, the reform forces should become dominant in the MSzMP. In this regard, the statement called for a close collaboration between the reform politicians and the reform circles.45

The reform circles also discredited the MSzMP's action program announced in March. According to their statement, the program was not trustworthy because it did not unequivocally evaluate the party's past with sober responsibility, it tried to preserve the illusion of a nonexistent unity, and it lacked specific measures to guarantee many of its promises. The reform circles were highly critical of the conservatives within the MSzMP leadership. The statement said that many of the Central Committee members were the politicians of the old era, who were incapable of renewing themselves and party policy. It also criticized that the Central Committee meetings and major decisions continued to be the internal and secret affair of a few hundred party leaders. Grősz, in particular, was accused of being preoccupied with a "nostalgia of old unity," and of having an antipathy

45 "A pártszakadás válsága fokozódik — Az MSzMP reformköröknek nyilatkozata a Kecskeméti reformműhelyen" [The Danger of Party Split Is Increasing -- The Statement of the MSzMP Reform Circles in the Kecskemét Reform Workshop], *Magyar Nemzet*, April 17, 1989.
towards the reform forces within the MSzMP. The statement argued that due to the "unbalanced" composition of the party leadership, in which the conservative politicians maintained dominance even in the era of reform, the party membership's confidence in the leadership was rapidly declining and the possibility of party split was increasing.\(^{46}\)

Irrespective of the conservatives' disapproval and warnings, the reform circles continued to be organized all over the country. Their number grew from 30 in April to 110 in May, and their demands became more vocal and radical. It was at the reform circles' first national conference in Szeged on May 20-21 that demonstrated the strength of the reform forces within the MSzMP. The 400 representatives of 110 reform circles participated in the event in order to formulate their joint platform. The MSzMP's two leading reform politicians (Pozsgay and Nyers) and many party intellectuals were also invited to the conference. It was notable that the EKA sent a message to the conference that it was watching the reform circles' endeavors with sympathy, because the internal democratization of the MSzMP was the precondition for the dissolution of the party-state and the country's democratic transition.\(^{47}\)

The platform adopted at the end of the Szeged conference contained many radical ideas and demands. The document said that the present crisis in Hungary was a result of the "crisis of an Asiatic, despotic, post-Stalinist system" which, although it was somewhat amended after 1956, was unequivocally incapable of functioning. It said:

\(^{46}\) *Ibid.*

The present model cannot control and limit political power which subjuga tes every subsystem of society ... By now it has become apparent that this model cannot be corrected, and that it is an historic dead-end street. The party leadership continued to call for the departure from this model. But it has been manifested only in words, not at the level of institutions. Our aim is to institutionalize this departure and to make it irreversible.  

The reform circles' platform regarded the restoration of historical truth as the first step for the MSzMP's renewal. It refuted the official reevaluation on the 1956 (i.e., the "popular uprising" leading to "counterrevolution") which was made at the Central Committee meeting in February. According to it, the events in 1956 were a "popular uprising halted by an external intervention." With regards to the issue of Imre Nagy, the platform declared that the trial of Nagy was an "act of political assassination," and that it was indispensable to "legally and politically" rehabilitate Nagy and his associates, together with all the victims of show trials.  

The platform claimed that the MSzMP in the present state was neither a real political party nor capable of winning an election, since it had no appropriate political

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48 "Az új típusú pártot akarunk -- Az MSzMP reformköröknek közös platforma a Szegedi országos értekezleten" [We Want a New Type of Party -- The Joint Platform of the MSzMP reform circles at the Szeged National Conference], Népszabadság, May 23, 1989.  

49 Ibid. It was a direct challenge to Grósz, since he still insisted that the political rehabilitation of Nagy was premature. In answer to a question whether Nagy's rehabilitation was possible before his reburial on June 16, Grósz said: "I do not believe this could happen. Nor do I believe in the political rehabilitation of Imre Nagy. We are now very consciously exploring the documents on the political role of Imre Nagy in those days, and the result will be soon made public. But I personally believe that Nagy made some serious political mistakes which do not justify a full rehabilitation from a political viewpoint." See "Interjú Grósz Károly főtitkárral Nagy Imre temetéséről és politikai rehabilitációjáról" [Interview with Károly Grósz on the Imre Nagy's Reburial and Political Rehabilitation], Ötlet, May 11, 1989, p. 7.
program, no credible leadership, and no membership capable of being mobilized. With regards to the future direction of the MSzMP, the platform stated that it should break away from democratic centralism, build on total party democracy, and change its name to one that reflects the "democratic socialist character of the European left-wing." It added that a transformation of the party could be effected only by a legitimate leadership that would enjoy the confidence of the majority of the membership. For the reform circles, the party congress would be an adequate tool to accomplish their objectives. They argued that in order for the MSzMP to improve the chances of survival in the prospective multi-party system, an extraordinary party congress should be convened in the autumn of 1989 (it was originally scheduled in the spring of 1990).50

Rejecting the idea of compromised institutional guarantees, the reform circles made it clear that the future role of the MSzMP in the prospective multi-party democracy, i.e., whether it governs by itself or in coalition or, alternatively, retreats into the opposition, would be strictly dependent on the results of the "free and fair" elections. According to their platform, the negotiations between the MSzMP and the EKA reached a deadlock mainly due to the "unsuitable" composition of the MSzMP delegation. It proposed to set up immediately a new negotiation team comprising the reformers and to start talks with the EKA.51

50 Ibid.
51 Ibid.
Unlike the expectations that the reform circles' conference would be the major step to split the MSzMP,\textsuperscript{52} the participants at the conference recognized that a split in the party at the moment would be hasty. In their view, the reform forces were increasingly gaining the upper hand within the MSzMP, and thus the party split would only give the conservatives, who still held important positions of power, a freer hand, meaning that the reformers would lose their opportunity to determine events and shape the party in their own image. Their conclusion was to stay within the MSzMP and to occupy it, thus paving the way for the MSzMP to transform itself into the new party.

b. The Ascendancy of Reformers within the MSzMP

The strengthening and radicalization of the reform forces within the party's rank and file were encouraging signs for the MSzMP reformers, and this undoubtedly helped modify their strategies. They, just like the reform circles demanded, began to pressure the conservatives to agree to the convocation of an extraordinary party congress in the autumn of 1989.\textsuperscript{53} They believed that the party congress would show and legitimize the

\textsuperscript{52} Some of the reform circles had called for the immediate split of the MSzMP. They argued that their coexistence with the conservatives within the party would only lead to damage to the reformers. For them, thus, the only way to escape this situation was to leave the MSzMP and to establish a new, legitimate political party.

\textsuperscript{53} Echoing the reform circles' argument, Pozsgay claimed at the May 25 Politburo meeting that the MSzMP in the present state could not win at the elections. According to him, the party should immediately work out its manifesto for elections, and it should be discussed and passed at the party's highest forum, the party congress. He said the fact that the majority of the party membership called for an extraordinary party congress in the autumn of 1989 should not be ignored. While Nyers and Németh agreed to Pozsgay's suggestion, Grósz objected to it since he knew that such an event would probably end his political career. See Kimmel, \textit{op. cit.}, p. 91.
strength of the reform forces within the MSzMP and give them an opportunity to consolidate themselves once and for all. They also calculated that transformation of the MSzMP into a new type of socialist party at the congress would draw great support from the voters, even though this would result in the departure of the conservative elements.

In an interview with Radio Free Europe, Pozsgay said he envisaged a new type of party based on European socialist ideas:

> The party will draw its inspiration from the conceptual sphere of European socialism. This must be the direction the MSzMP takes, either in unity or through split. It will not be based on the communist tradition of sticking to abstract ideals, but rather on the type of European socialist thoughts that characterize the Italian and French socialist parties or the Swedish, Austrian, and West German social democratic parties.\(^5\)\(^4\)

More importantly, power-sharing based on compromise was no longer on the MSzMP reformers' agenda. The signal from the reform forces within the party's rank and file (as well as from the opposition) was clear: any compromise solution short of free elections would only reproduce the problem of legitimacy, and it would render management of the deepening crisis impossible. The MSzMP reformers now set electoral legitimation as their strategic objective. They argued that the forthcoming elections should be an open competition even if it might entail risks for the MSzMP.\(^5\)\(^5\)


\(^{55}\) For example, Pozsgay said: "There are still some within the MSzMP leadership who think it necessary to achieve an election agreement and to set down certain proportions in this agreement, as had been done in Poland. However, I think the political development in Hungary has passed beyond that ... Free elections must determine who will get the power."
As the reform forces within the MSzMP grew and became increasingly powerful, the conservatives began to lose their ground within the party. The conservatives' foot-dragging still persisted, but it became increasingly clear that the conservatives were losing the battle against the reformers. This had a sufficient impact to cause bandwagon effects. Prime Minister Miklós Németh, an appointee and protégé of Grósz, tried to separate himself from the conservative line and to demonstrate his independence from Grósz. The first incident of serious disagreement between them occurred when Grósz claimed on April 22 that he proposed the introduction of a state of economic emergency in Hungary to maintain its solvency at the Politburo meeting, and that Németh agreed to his proposal, although it was voted down at the meeting. On the same day, Németh contacted the evening television program and strongly denied Grósz' claim that he agreed with Grósz.

I see good possibilities for a success of the MSzMP. If it does not live up to the expectations under these conditions, an election agreement would not be able to save it. See "Pozsgay Imre interjúja a Magyar Hirlapnak -- Szabad választásokra van szükség" [Magyar Hirlap Interviews Imre Pozsgay -- We Need Free Elections], *Magyar Hírlap*, May 13, 1989. Nyers, in a similar vein, said: "The new electoral law should ensure that all groups are given the same chances. Obviously, the MSzMP will have to take the risk of being the minority or the opposition in an open competition. But those who want free elections must be prepared to take this risk." See "Beszélgetés Nyers Rezsővel -- Az MSzMP-nak kész megtenni szabad választásokot kell" [Conversation with Rezső Nyers -- The MSzMP Should be Ready for Free Elections], *Népszabadság*, June 2, 1989.

56 Németh was the leading figure of a new generation of young technocrats. His main career includes: An Assistant Professor at the Karl Marx University of Economics (1971-75); Deputy Head of department in the National Planning Office (1979-81); Deputy Head of the Central Committee's Economic Policy Department (1982-86); Central Committee Secretary in charge of economic policy (1987-88); Politburo member (1988-). Németh succeeded Grósz as Prime Minister in November 1988. Unlike the expectation that Nyers would be appointed as Prime Minister, Grósz chose Németh as his successor. Grósz obviously calculated that he could handle the young and inexperienced Németh more easily than a seasoned politician like Nyers. Since his election as Prime Minister, Németh was widely considered as a Grósz' protégé.
Németh told the program that the government was not planning an economic state of emergency because it would result in a loss of international political prestige and economic credit. 57

In an attempt to prove the independence of his government from party headquarters, on April 26 Németh announced a major government reshuffle, in which 6 out of 12 ministers were replaced. As Németh pointed out that the reshuffle was designed to have greater expertise in the government, the new ministers were composed of young technocrats, mainly economists. The fact that the Prime Minister for the first time selected and appointed new cabinet members without party interference came as a surprise, since in the past the Central Committee had decided on the major personnel changes in the government. He also announced that he would initiate the introduction of the vote of confidence, thus making it clear that the government and the individual ministries would not depend on the MSzMP. 58

In his speech at the spring session of the National Assembly on May 10, Németh declared that the government would no longer be the "mere executor of the political resolutions of the MSzMP but the actual shaper of political decisions," and claimed that the change in the nature of governmental work would signify a "big step toward the

57 Kimmel, op. cit., p. 95. Later in an international news conference on May 10, Németh confirmed his disagreement with Grósz on this issue. He said: "In Hungary, it is still unusual for leaders to disagree in public. Both Hungarians and foreigners will get used to it, for this is how it should be ... We seek not to lead this country into either a political or an economic state of emergency. On the contrary, this is what we have to avoid." See Budapest Domestic Service, May 10, 1989, translated in FBIS-EEU, May 12, 1989, p. 33.

58 Magyar Hirlap, April 27, 1989.
abolition of the party-state." He condemned the past practice that the National Assembly was not accepted either as a supervisory body or an equal partner of the government. According to him, his government wanted to rely fully on the National Assembly. As for the country's political situation, Németh argued that the country had reached a point where the conservative forces were no longer capable of returning to the past, but the reform forces were not yet capable of achieving a decisive breakthrough. One way to break this stalemate, according to Németh, was the establishment of a strong government committed to reform, which could gain the support of the reform forces both within the MSzMP and in society.  

In this way, Németh not only called for the separation of the government from the MSzMP, but made it clear that he was on the reformers' side. On May 13, only three days after Németh's parliamentary speech, the government surprisingly announced the suspension of the controversial Bős-Nagymaros hydroelectric project on the Danube, which had been severely criticized by environmental groups and the opposition on the grounds that it was a very costly investment and could cause serious ecological damage. In an interview following the decision, Németh claimed that the Bős-Nagymaros project was the "symbol of a mistaken investment policy." According to him, almost all the large-scale state investment failed mainly because the decision was made by the narrow circle of party leadership, excluding expert and public opinion. He said that the practice of

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59 "Németh Miklós a kormányátalakításról és kormányának feladatairól," op. cit.
"antidemocratic" decision-making should not be repeated. Given the fact that the MSzMP leadership could not firmly decide on the project due to internal disagreement, the government's announcement can be interpreted as Németh's attempt to project himself as a genuinely independent and reformist leader.

Németh's public realignment with the reformers was followed by the defection of many of the MSzMP's high-ranking officials from the conservative line. They, in desperation, tried to jump on the bandwagon of radical reformers before it was too late. Support for Nagy's rehabilitation became a good excuse for the former conservatives (and the middle-of-the-roaders) to change their alignment. For example, Mátyás Szűrös, the former Central Committee Secretary and now the speaker of the National Assembly, who, a few months ago said that it was difficult to judge Nagy's role in either a positive or a negative terms due to the complexities of the events in 1956, now unequivocally endorsed the full legal and political rehabilitation of Nagy. He argued that the transition to democracy should go hand in hand with the obligation to give an account of the "blank spots" of the past and that time had past for uttering "half-truths." According to him, Nagy and his associates became the victims of a show trial, and they should have a proper

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60 "Interjú Németh Miklós miniszterelnökkel -- A kormány lehet reformcentrum" [Interview with Prime Minister Miklós Németh -- The Government Can Be A Reform Center], Magyar Hirlap, May 16, 1989.

61 The EKA and the environmental groups welcomed the government's decision to suspend construction as a significant step toward "national reconciliation." The MSzMP reform circles also described the government's decision as a "touchstone of its commitment to reform." See Magyar Hirlap, May 15, 1989.
place in Hungarian history. Mihály Jasso, the First Secretary of the Budapest party committee and a staunch supporter of Grósz, also tried to realign himself with the reformers. Diverging from Grósz' claim that the reform circles encouraged factionalism within the MSzMP, Jasso asserted that the reform circles provided an intellectual impetus for the MSzMP to become a "mobile party" and could be useful in the creation of a new type of party suitable to the conditions of a multi-party democracy. He also supported the idea of convening the party congress in the autumn of 1989, saying that the majority of the members of the Budapest party organizations wanted it.

By the end of May and June, therefore, the power relations within the MSzMP had greatly changed. The conservatives' influence within the MSzMP shrunk more and more due to the concerted attacks and pressure by the reform forces both at the top and below, as well as due to a series of defections of the top party officials from the Grósz

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62 "Szűrös Mátyás az országgyűlés elnöke nyilatkozata a Vasárnap Híreknek — A vádak és a viszonvádak bűvös köréből a politikai és erkölcsei igazságtételbe" [Vasárnap Hírek Interviews the Speaker of the National Assembly Mátyás Szűrös -- From the Vicious Circle of Charges and Countercharges to the Political and Moral Justice], Vasárnap Hírek, May 24, 1989.


64 The voice of the reform forces at the top and below became louder throughout June. A new political movement called the Movement for Democratic Hungary (Demokratikus Magyarországért Mozgalom, DMM) was set up on June 7 under the leadership of Pozsgay. Its preparatory committee was composed of the leading reform politicians (Pozsgay, Gyula Horn, Mátyás Szűrös, István Horváth), reform intellectuals (Csaba Gombar, Áttila Agh, Mihály Bihari), and many famous public figures. The DMM's statement called for the involvement of those, regardless of their party affiliation, who favored the rise of the nation, the values of European progressiveness, and a democratic Hungary by means of a peaceful transition. It said that the DMM would organize local and national political forums to discuss the democratic transformation of Hungary. See Magyar Nemzet, June 8, 1989. At the same time, the reform circles continued to mount
Grósz (and his ever declining number of supporters), increasingly frustrated but hopeless, had to watch the undoing of the conservative forces within the MSzMP. The June 23-24 Central Committee's decision clearly reflected the changing balance of power within the MSzMP. The Central Committee decided to hold the party congress in early October 1989, which would decide on the personnel changes and the rules governing the organization and functioning of the party, and work out the party's electoral strategy and program. It replaced the Politburo with a four-member Presidium consisting of three reform politicians (Pozsgay, Nyers, and Németh) and an increasingly isolated conservative leader (Grósz). According to the Central Committee communique, the setting up of the Presidium was designed to "better coordinate the political direction" of the MSzMP. At the meeting, János Berecz and János Lukács, long-time conservatives and Grósz'

an attack on the conservatives. In their joint statement published on June 19, the reform circles called for the immediate resignation of Grósz and all the Central Committee Secretaries in order to make room for credible reform politicians. According to the statement, the conservative leaders failed to politically rehabilitate Nagy, and Grósz himself made a statement on the eve of reburial which destroyed the MSzMP's credit and caused immeasurable damage to its reformist image [Grósz said on June 15 that Kádár or the party leaders at the time did not issue any kind of concrete measure or instruction with the case of Nagy, and that those who passed the sentence had come under some other influence]. See "Az MSzMP reformköröknek nyilatkozata -- Grósz Károlynak kell azonnal lemondani" [The Statement of the MSzMP Reform Circles -- Károly Grósz Should Resign Immediately], Magyar Nemzet, June 19, 1989.

According to Kimmel, by the end of May some of the First Secretaries of the regional and municipal party organizations openly stated that Grósz had lost the credibility among the majority of the party membership. This clearly demonstrated the crumbling hold of the Grósz line on the party apparatus. See Kimmel, op. cit., p. 107.

"Határozat a kongressszus összehívásáról és előkészítésénak rendjéről" [Decision on Convening the Party Congress and on the Order of Its Preparation], Népszabadság, June 25, 1989.
important allies, were removed as Central Committee Secretaries. The Central Committee also decided that if the National Assembly enacted the bill on the introduction of the post of President of the Republic, Pozsgay would be the MSzMP's candidate for the post.67

While full disarmament of the conservative forces did not take place, the June 23-24 Central Committee meeting can be seen as a victory for the reform forces within the MSzMP. The decisions on the convocation of the advanced party congress and the changes at the top leadership clearly demonstrated the ascendancy of the reformers and the defection of the many conservative Central Committee members from the Grósz line. Grósz, who had long objected to the advanced party congress, had to finally give in to the pressure both from above and below within the MSzMP. He was no longer the MSzMP's chief,68 and was virtually stripped of his power by the creation of the Presidium, in which he would be outflanked by the three reformers. Grósz, who was instrumental in dismissing the Kádár leadership and once heralded as a dynamic leader, now had to realize that his political career would soon end.69

More importantly, the ascendancy of the


68 At the June 23-24 Central Committee meeting, Nyers was elected party Chairman. Following the meeting, the Central Committee spokesman Marjai confirmed that Nyers would be the "number one man" in the MSzMP. See Magyar Hírlap, June 26, 1989.

69 The media, now unleashed and hungry, scarcely concealed its derision at Grósz' downfall. Following the June 23-24 Central Committee meeting, Grósz had to confront such contemptuous questions as "why did you not resign at the latest Central Committee meeting after the various political mistakes?" or "Do you consider yourself a reformer or a conservative?" In answer to a question whether he would resign before the party congress, Grósz said that he was tired and willing to withdraw when the time to take a rest after 45 years of work came. See "Grósz Károly a multjáról, jelenéről, jövőjéről" [Károly Grósz
reformers within the MSzMP leadership, who already put electoral legitimation on their agenda, meant that the conservatives' project of limited democratization was no longer valid.

3. The Trilateral Negotiations

Trilateral negotiations between the MSzMP, the EKA, and the "third side" began on June 13 at the parliament building. From the beginning, however, the negotiations were in fact bilateral since the prenegotiation agreement stipulated that the main task of the "third side" was to support the agreement between the first two sides. At the same time, the conditions of power within the MSzMP at the start of the trilateral talks increasingly favored the reformers, and this was confirmed by the fact that Grósz, who headed the MSzMP delegation at the first session of the negotiations, was replaced by Pozsgay at the Central Committee meeting on June 23-24. Thus, the MSzMP reformers and the EKA became prime actors in the trilateral negotiations.

Trilateral negotiations dealt with the political and economic issues equally. As seen above, the MSzMP conservatives had insisted on the inclusion of the economic questions, calculating that in the course of negotiations economic issues could be used as bargaining chips in exchange for political concessions. However, the economic talks turned out to be a failure. First of all, it was no longer the MSzMP conservatives who were assigned the tasks of negotiations with the opposition. Moreover, although the opposition initially agreed to discuss the economic issues, it argued during the trilateral

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on His Past, Present, and Future], *Esti Hírlap*, June 30, 1989.
negotiations that it had no social mandate to influence the country's future economy. Obviously, the opposition did not want to get involved in the management of country's economic crisis, for which it was not responsible. The MSzMP reformers, for its part, also felt that the task of dealing with economic matters should belong to the Németh government until the establishment of a new government which would have more authority to tackle the country's economic crisis. Thus, as negotiations proceeded throughout the summer, it became clear that not only the opposition but the MSzMP reformers were reluctant to make any agreement on the economic issues. The pace of economic talks were very slow, and in the end no agreement was reached on any economic issues.70

Therefore, the matters directly related to the political transition constituted the heart of trilateral negotiations. From the outset of the trilateral talks, both the EKA and the MSzMP reformers agreed in principle that the crisis of legitimacy could not be solved until legitimate power was established. During the two months of confrontation against the MSzMP conservatives, the EKA consistently claimed that no political force in Hungary held legitimacy and could not speak on behalf of society, and that the only possible solution to this crisis would be the establishment of legitimate power, which could, in turn, be accomplished by the holding of free elections.71


71 At the first session of trilateral talks on June 13, Imre Kónya of the EKA maintained that the crisis of legitimacy could not be eliminated within the present power structure. He emphasized that the forthcoming elections should be free and fair, rejecting the possibility of agreement with the MSzMP concerning the redistribution of power, in the form of ministries or parliamentary seats, as was done in Poland. He said, "the tasks of
For the MSzMP reformers, power sharing based on compromise was no longer on their political agenda. The reformers, who could now very much control the MSzMP's policy, set electoral legitimation as their strategic objective. They had good reasons for risking the uncertainty of free elections. First of all, the reformers were confident of the MSzMP's potential electoral strength, although the credibility of the MSzMP continuously dwindled (see Table 4.1). In their view, the opposition still lacked financial and organizational resources, personalities well known to the public, and a broad social basis. Thus, the reformers firmly believed that the MSzMP could win at least a plurality of the votes in the upcoming parliamentary elections, if they utilized their superior organizational and financial resources and put up nationally recognized candidates for the elections.\(^{72}\)

The Polish election fiasco on June 4, in which the communists lost virtually every contested seat, also helped the MSzMP reformers reconfirm their strategic objective. The lesson from the electoral defeat of the Polish Communist Party was that "compromised" institutional guarantees could be easily rejected by society.\(^{73}\)

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the EKA will be accomplished when the rules of the game for parliamentary democracy have been formulated." See *Magyar Nemzet*, June 14, 1989.

\(^{72}\) The MSzMP's leading reformers were genuinely optimistic about the results of the prospective free elections. For example, Németh said: "By the time of elections, the MSzMP will be able to meet the challenges of its opponents. It is still the MSzMP that is the most organized today, and what it says is heeded by the masses ... If we resolutely declare our support for democracy, and if we enter elections with fresh faces, we will have a good chance of victory. I am convinced that our reformist party need not worry about free elections." See Budapest MTI, June 30, 1989, reported in *FBIS-EEU*, July 3, 1989, p. 57.

\(^{73}\) László Bruszt and David Stark, 1991. "Remaking the Political Field in Hungary: From the Politics of Confrontation to the Politics of Competition," *Journal of International Affairs*, vol. 45:1, p. 232. The MSzMP reformers, however, claimed that
Table 4.1 The Credibility of the MSzMP: Will the MSzMP Preserve or Lose Its Leading Role When Other Parties also Function? (Answers in Percentage)

<table>
<thead>
<tr>
<th></th>
<th>Budapest</th>
<th>2 Provincial Towns</th>
<th>2 Villages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Will Preserve</td>
<td>45(^a) 35(^b)</td>
<td>57(^a) 35(^b)</td>
<td>58(^a) 45(^b)</td>
</tr>
<tr>
<td>Will Lose</td>
<td>33</td>
<td>47</td>
<td>28</td>
</tr>
<tr>
<td>Don't Know</td>
<td>22</td>
<td>18</td>
<td>15</td>
</tr>
</tbody>
</table>


\(^a\) The opinion survey was conducted by the Hungarian Public Opinion Research Institute in early March.

\(^b\) The survey conducted in early May.

Moreover, given the fact that other East European countries (except for Poland) were still deadlocked in their rigidly authoritarian systems, the holding of fully contested elections would be indeed a historical achievement. The MSzMP reformers calculated (and hoped) that their effort to install democracy by electoral means would be rewarded by the voters. The results of the public opinion survey published in late June were not discouraging for the MSzMP reformers, in which the MSzMP fared the best (almost three

Hungary was not Poland. Referring to the Polish experience, Pozsgay tried to distinguish the MSzMP from the Polish Communist Party. He said: "The Polish example teaches us a lot. The MSzMP must understand that it should not be arrogant. On the other hand, the leadership of the Polish Communist Party has misjudged the political situation for years instead of leading the reform movement as we did. One thing that has fundamentally distinguished the MSzMP from other ruling parties in Eastern Europe is that there has always been the reform wing, even during the darkest period. It should be pointed out that even before the Polish elections, the reform wing within the MSzMP has already called for free elections without guarantees. And notwithstanding the Polish election results, we believe that the path to follow in Hungary must be that of free elections. The future of the MSzMP will be determined not by the mercy of opposition but by virtue of its electoral strength at the ballot box." See "Pozsgay Imre nyilatkozata a Vásárnapi Hírek -- Kopernikuszi fordulat? Itt a színvallás ideje" [Vásárnapi Hírek Interviews Imre Pozsgay -- Copernican Turnaround? It's Time to Show One's True Colors], *Vásárnapi Hírek*, June 22, 1989.
times better than its nearest competitor) and the leading reformers (Pozsgay, Nyers, and Németh) enjoyed the great popularity among the population (see Table 4.2 and 4.3).

Table 4.2 Party Preference: Which Party Would You Vote for If Free Elections Were Held in a Month? (Answers in Percentage)

<table>
<thead>
<tr>
<th></th>
<th>Nationwide</th>
<th>Leaders of State Enterprises</th>
<th>Private Entrepreneurs</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSzMP</td>
<td>36.5</td>
<td>74.3</td>
<td>12.6</td>
</tr>
<tr>
<td>MSzDP</td>
<td>13.0</td>
<td>2.0</td>
<td>10.7</td>
</tr>
<tr>
<td>MDF</td>
<td>11.4</td>
<td>2.0</td>
<td>21.4</td>
</tr>
<tr>
<td>SzDSz</td>
<td>5.6</td>
<td>5.0</td>
<td>6.8</td>
</tr>
<tr>
<td>FkgP</td>
<td>5.4</td>
<td>-</td>
<td>7.8</td>
</tr>
<tr>
<td>MNP</td>
<td>4.3</td>
<td>1.0</td>
<td>-</td>
</tr>
<tr>
<td>KDNP</td>
<td>4.3</td>
<td>-</td>
<td>2.8</td>
</tr>
<tr>
<td>FIDESz</td>
<td>2.8</td>
<td>1.0</td>
<td>6.8</td>
</tr>
</tbody>
</table>

Note: The opinion survey was conducted by the Sociological Institute of Hungarian Academy of Sciences (János Simon and László Bruszt) in May.

Table 4.3 The Popularity of Political Leaders

<table>
<thead>
<tr>
<th></th>
<th>Nationwide</th>
<th>Leaders of Independent Political Org.</th>
<th>Leaders of State Enterprises</th>
<th>Private Entrepreneurs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pozsgay</td>
<td>70</td>
<td>67</td>
<td>61</td>
<td>71</td>
</tr>
<tr>
<td>Nyers</td>
<td>60</td>
<td>51</td>
<td>79</td>
<td>60</td>
</tr>
<tr>
<td>Németh</td>
<td>67</td>
<td>49</td>
<td>50</td>
<td>34</td>
</tr>
<tr>
<td>Gorbachev</td>
<td>59</td>
<td>56</td>
<td>85</td>
<td>71</td>
</tr>
<tr>
<td>Grósz</td>
<td>30</td>
<td>8</td>
<td>41</td>
<td>19</td>
</tr>
<tr>
<td>Berecz</td>
<td>31</td>
<td>4</td>
<td>18</td>
<td>14</td>
</tr>
<tr>
<td>Fejti</td>
<td>30</td>
<td>3</td>
<td>15</td>
<td>7</td>
</tr>
</tbody>
</table>

Note: The survey question was "to what extent do you have trust in the following political figures." The numbers are the percentage of answers ("completely" and "to a great extent").
The Agreements and Disputes Between the Negotiating Parties

As seen above, since both the MSzMP reformers and the opposition rejected the idea of power sharing based on compromise, there was virtually no obstacle to the creation of conditions for democratic transition. The political talks proceeded rather smoothly, and by mid-August, the negotiating partners reached an agreement on several important points. The three sides agreed upon calling Hungary a Republic instead of the earlier "People's Republic." It was also agreed that the "Constitution of transition" would stipulate that "the Hungarian Republic is an independent democratic state based on the rule of law, where the values of bourgeois democracy as well as of democratic socialism have an equal standing." The negotiating parties agreed that the new Constitution would be adopted not by the present Parliament, but by a new one to be convened following the upcoming parliamentary elections.74

The three sides accepted that any organization, which has membership and which submits itself to the regulations concerning the functioning and financial stipulations prescribed for parties, could freely form political parties. They agreed that the new parties should be provided the financial assistance to fulfill their most vital needs. As regards foreign contribution to the parties, they reached an agreement that the parties would not be allowed to receive financial support from foreign states or parties, while they would be entitled to receive financial support from foreign companies and private individuals provided their names were made public. The negotiating partners also concurred to ban party organization in the courts, army, and institutions of public authority (ministerial

74 Balint, op. cit., p. 69.
bodies, councils, prosecutor's office), and to prohibit professional soldiers and police from belonging to political parties.\textsuperscript{75}

The three sides agreed to establish a "neutral committee on information" composed of independent experts in order to maintain the impartiality of the state media (i.e., the MTI, Hungarian Television and Radio) during the election campaign. They also worked on the revision of the penal and procedural code suited to the conditions of democratic transition. According to the agreement, the amended penal code would considerably narrow the category of "anti-state" crimes, while criminal procedures would set a limit to the coercive measures applied during criminal procedures and strengthen procedural guarantees, personal freedoms, and defense rights. The negotiating parties also decided that the new penal code would include a new type of crime, i.e., act of force against the constitutional order of the Hungarian Republic and any effort to seize power by force. In relation to this, they agreed to establish an independent crisis management committee in case of a provocation. Although the restoration by force was already considered very unlikely, the three sides wanted to prevent any such possibility.\textsuperscript{76}

\textsuperscript{75} \textit{Ibid.}, p. 61.

\textsuperscript{76} \textit{Ibid.}, pp. 70, 72-73. The ultra-conservative group, called the "Marxist Unity Platform," was established within the MSzMP in the spring of 1989. Its leader Róbert Ribánszki, the former personal secretary of Kádár, accused the Central Committee of betraying socialism by accepting the creation of a multi-party system, and called for the return to the one-party system. This group, of course, had few followers within the MSzMP, and even Grósz had distanced himself from it, saying that its aim was "anachronistic." See Ribánszki's interview with \textit{Der Spiegel}, translated in \textit{FBIS-EEU}, August 23, 1989, pp. 33-35. The leaders of the Hungarian army repeatedly said that the army would not intervene in politics. With respect to a military intervention, General Ferenc Karpati, the Minister of Defense, said that it was "inconceivable," stressing that "the Hungarian Army fully supports the political changes underway in Hungary." See
The making of the new electoral law virtually eradicated the formal boundary of interests between the MSzMP and the opposition. Obviously, the four decades' absence of electoral politics made the various political parties uncertain whether a particular electoral system would benefit a particular party (or parties). The so-called "historical parties" (the FKGp, the MSzDP, the MNP, and the KDNP) advocated an electoral system based mainly on party lists. They argued that the "behavioral pattern" of the Hungarian people was unsuitable for the introduction of individual election districts, and that individual competition might raise the possibility of election violence. But the real reason was that these parties lacked nationally recognized political personalities. They hoped that their reputation, as members of coalition government in the period of 1945-48, would enhance the chances of their success in the elections. On the other hand, the FIDESz and the SzDSz, which had some relatively well-known figures and experts, supported a large number of individual electoral districts. After a long period of bargaining, the negotiating partners accepted a compromise proposal of the MSzMP and the MDF, i.e., almost an equal proportion between individual electoral districts and party lists.77

According to an agreement, the country would be divided into 176 individual electoral districts (single-member constituencies) and 20 counties (19 counties plus Budapest). Individual electoral districts would elect 176 out of total of 386 deputies of the new Parliament. In case the single candidate did not win the majority of votes in the first round, the winner would be determined in the second round (only plurality required).

Magyar Hirlap, August 28, 1989.

77 Balint, op. cit., p. 67.
The 152 seats would be filled by deputies running on regional party lists, and these seats would be divided in proportion to the number of votes each party would receive. The agreement also stipulated that the parties that did not win at least 4% of the votes on the regional lists could not be represented in Parliament. This regulation was introduced to reduce the number of parties in Parliament. The national list was also introduced to prevent votes from being lost. The 52 seats are to be allocated to candidates appearing on the national list and would be distributed in proportion to the number of "leftover" votes.78

On the other hand, there existed a serious disagreement between the MSzMP and the EKA on several important issues. The most disputed issue was about institutional arrangements. That is, while the MSzMP advocated the establishment of a semi-presidential system, the EKA insisted on the parliamentary system. The MSzMP reformers obviously envisioned a strong presidency, in which the President of the Republic can recommend the appointment of the Prime Minister and dissolve Parliament.79 They pushed for early presidential elections by popular vote, arguing that a head of state, directly elected by the people, and hence having strong legitimacy, was needed in a situation when the political legitimacy of Parliament was challenged, and that the early presidential elections (before the parliamentary elections) would prevent any possible disturbance during the period of democratic transition. Given the fact that Pozsgay at the time was arguably the most popular politician in the country, the MSzMP reformers

78 For more detail on the electoral law, see Magyar Közlöny, October 30, 1989.

79 See Pozsgay's interview on the institutional authority of the President, translated in FBIS-EEU, August 21, 1989, p. 15.
believed that early presidential elections would earn him a reputation of being the first president directly elected by the people in Eastern Europe. They also calculated that Pozsgay's presidency would undoubtedly benefit the MSzMP in the following parliamentary elections.80

In contrast to the MSzMP's intention to establish the institution of the President of the Republic, the initially uniform stand of the EKA was that a parliamentary democracy should be built in Hungary, because only this could offer safeguards against one-man rule. The EKA argued that a strong presidency (likely to be filled by Pozsgay) could carry over the hegemony of the MSzMP into a democratic system, even if the MSzMP were defeated in the parliamentary elections.81 The EKA maintained that only a freely elected new

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80 According to the opinion survey carried out in mid-July by the Public Opinion Research Institute, Pozsgay was the most popular political figure, enjoying the trust of 71% of the questioned. The survey also revealed that the leaders of the opposition were still relatively unknown to the public. In a question whether the respondents could recognize the oppositional figures, the most recognized person was István Csurka (MDF, 41%), followed by Viktor Orbán (FIDESz, 33%), Péter Tőlgysessy (SzDSz, 26%), and József Antall (MDF, 24%). See Magyar Hírlap, August 19, 1989.

81 The opposition assumed that it had no chance of success in the competition with Pozsgay. Concerning the post of President and its implications, the EKA spokesman Péter Tőlgysessy (SzDSz) said: "The MSzMP thinks it has a chance of placing its own candidate, Pozsgay, into the position of President. Pozsgay has indeed a chance of attaining this post. Then, what will happen after the parliamentary elections? After the free elections, there will be Parliament in which today's opposition will be in the majority. But, at the same time, we would also have a center of strength outside of Parliament. This would be composed of the army, the police, and a communist President of the Republic. I do not know whether Pozsgay is consciously supporting this. But that is what the game is all about. There is only one solution: Pozsgay should surrender the idea of becoming the President of Republic in this country. If Pozsgay is indeed a democratic-minded person, he cannot expect a strong power center outside of Parliament after the elections." See Esti Hírlap, August 18, 1989.
Parliament would have the authority to decide upon the introduction of such a fundamental legal institution, since neither the then existing Parliament, nor the participants of the trilateral talks had adequate authorization to introduce this institution. The EKA also refuted the MSzMP's rationale for early presidential elections, saying that the political situation in Hungary was not unstable.82

Another issue of disagreement was whether the party organization in places of work should be allowed. The EKA argued that the presence of parties should be banned by law from places of employment. According to its standpoint, the appearance of political parties at places of employment might lead to places of work being turned into "venues of political struggles," and thus party struggles should be kept out of the factories in the interest of production. The issue seemed to be settled when Pozsgay promised that the MSzMP would abolish its workplace units by December 31. But Pozsgay's conciliatory approach was immediately countered by the more cautious Nyers. At the Budapest Party Committee meeting on August 30, Nyers said that Pozsgay was not authorized to make such a promise, and made it clear that he would not recommend to the Central Committee that the MSzMP would leave the workplace. According to Nyers, the withdrawal of the MSzMP organizations from places of work should be done as part of a "long-term evolutionary process" and at the party's own free will, not as a legal requirement.83 The September 1 Central Committee meeting renounced Pozsgay's promise, and instead proposed that the parties should not conduct political activity during

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82 Balint, *op. cit.*, pp. 76-77.

working hours, that they should not be incorporated into the organizational and management system of the working place, and that they should not interfere with enterprise issues. The EKA objected to the MSzMP's new stand, arguing that the MSzMP was more interested in clinging to its power positions than trying to put the economy on its feet. Thus, the negotiating sides failed to reach an agreement on the question of the activity of parties at the workplaces.

The negotiating sides also could not narrow the difference of standpoint concerning the future status of the Workers' Militia, the MSzMP's para-military organization. The MSzMP accepted in principle the abolition of the Workers' Militia, but suggested its replacement by a voluntary military corps, something like a national guard, which would protect the country's interior. In contrast, the EKA tried to portray it as a symbol of party-state dictatorship and called for its dissolution without a legal successor. Another issue of contention was about the MSzMP's assets in relation to the financing of the new parties. The MSzMP and the EKA agreed that every party was entitled to some basic material conditions necessary for its operation. In this spirit, the government allocated 50 million forints from budget reserves to finance the new parties' most vital needs, but the EKA boycotted the fund, arguing that any subsidy from state budget would further aggravate the country's already difficult financial situation. Instead, the EKA called for a full and public account of the MSzMP's vast assets before the parliamentary elections and demanded their redistribution, with some of them going to the new parties.

84 "Közlemény: Az MSzMP Központi Bizottságának 1989 szeptember 1-ei üléséről" [Communique on the MSzMP Central Committee Meeting on September 1, 1989], Népszabadság, September 2, 1989.
In a response, the MSzMP maintained that its possessions were neither politically nor legally a subject of negotiations, that it had acquired its property through legal means, and that it was obliged to give an account of its assets only to its membership.85

The Political Pact between the MSzMP Reformers and the Moderate Opposition

As seen above, despite an agreement on some important issues, there were still a number of contentious issues to be settled (i.e., the establishment of the post of President, the party organization at the workplaces, the future status of the Workers' Militia, and the public account of the MSzMP's assets and their redistribution for the financing of the new parties). What, then, made the negotiating parties resolve the disputed issues? This may be explained by the coincidence of interests between the MSzMP reformers and the moderates in the opposition.

The MSzMP reformers and the moderate opposition parties shared common interest in a quick settlement on the contentious issues, even though each side had to make some concession to the other. The MSzMP reformers badly needed an early agreement with the opposition so that with the conclusion of the trilateral negotiations, they could consolidate themselves once and for all within the MSzMP at the upcoming party congress scheduled in early October. On the other hand, while the radicals within the opposition rejected any kind of compromise with the MSzMP, the moderates did not want to jeopardize the results hitherto accomplished at the trilateral talks and were more and more leaning toward a compromise on the unsettled issues. A conservative turn by force was

widely considered inconceivable by late summer of 1989. In the moderates' view, however, there remained a risk of internal destabilization in the event of the failure of Gorbachev's reform in the Soviet Union. The mounting anti-reform criticism from Czechoslovakia, Romania, and East Germany also meant that all the parties interested in the success of Hungary's democratic transition should move ahead as quickly as possible. Another impetus for compromise came from the results of a series of by-elections in July and August, in which the moderate opposition party (MDF) had won all four contested seats. As its potential electoral strength proved real, the MDF wanted to quickly wrap up the negotiations, even with a compromise on the disputed issues.

Moreover, as the negotiations progressed, the MSzMP reformers and the moderate opposition parties increasingly began to see each other as potential coalition partner(s) in the prospective multi-party system. It was almost certain that no single party would gain the absolute majority in the upcoming parliamentary elections. The recurrent theme in the period of negotiations, therefore, was with whom the MSzMP would form a coalition in the new government. The MSzMP reformers explicitly stated that they envisioned a coalition based on a center-left formula. In their view, this formula would

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86 Csaba Varga (the spokesman of the MNP), for example, called for a quick compromise on the disputed issues, pointing out that the external disturbances (e.g., the Donetsk miners' strike in the Soviet Union) might adversely affect the process of Hungary's democratic transition. He claimed that the early presidential elections would greatly lessen such a risk. See Magyar Nemzet, August 27, 1989.

87 With respect to the possible composition of a coalition government, Pozsgay said: "The MSzMP may only achieve the relative majority in the upcoming elections. Despite the fact that the other parties are currently trying to form their own identity, I consider possible the formation of a strong -- in the European sense -- leftist group and of a democratic, Christian, and national center ... I consider the MDF and the MSzDP to be
be good enough to ensure governing stability given the public's party preference at the
time (see Table 4.4).

Table 4.4 The Party Preference: Which Party Would You Vote for

<table>
<thead>
<tr>
<th></th>
<th>June</th>
<th>July</th>
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<tbody>
<tr>
<td>MSzMP</td>
<td>33.1</td>
<td>31.5</td>
</tr>
<tr>
<td>MDF</td>
<td>12.3</td>
<td>15.5</td>
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<tr>
<td>MSzDP</td>
<td>10.0</td>
<td>9.0</td>
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<tr>
<td>FkgP</td>
<td>6.5</td>
<td>8.3</td>
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<tr>
<td>FIDESz</td>
<td>7.3</td>
<td>8.1</td>
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<tr>
<td>SzDSz</td>
<td>5.2</td>
<td>5.2</td>
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<tr>
<td>MNP</td>
<td>4.8</td>
<td>4.7</td>
</tr>
<tr>
<td>KDNP</td>
<td>4.1</td>
<td>3.9</td>
</tr>
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</table>

Note: The opinion surveys were carried out by the Hungarian Public
Opinion Research Institute in late June and mid-July, respectively.

Initially, the moderate opposition parties did not explicitly express their willingness
to form a coalition with the MSzMP, probably fearing the attack from the radical
opposition parties. As the chances of free elections increased, however, they hardly
concealed their interest in forming a coalition with the MSzMP.\(^8^8\) The prospects for

the partners that are mostly likely to be involved. Depending on the election results, the
MNP or the KDNP could take part in a coalition. The SzDSz and the FIDESz are very
serious intellectual forces. But I think that, especially due to their intellectual penchant for
criticism, these organizations will not find a basis among the masses and will play the role
of a classical opposition." See "Pozsgay Imre a politikai koalícióképződésről" [Imre

\(^8^8\) István Csurka (MDF), for example, said that the MSzMP, which was now dominated
by the reform forces and had successfully undergone the process of renewal, would
obviously have a "proper" place in the prospective multi-party system. Csurka did not rule
out the possibility that during the coming elections opposition forces could put up a united
front, but for him, the possibility of forming a coalition government with the exclusion of
future coalition between the MSzMP reformers and the moderate opposition parties prompted them to opt for a compromise solution, instead of wasting time in insisting on the initial standpoint on the contentious issues. Due to the growing difference within the opposition, the EKA could no longer function as a unified representative of the opposition.89

According to the resulting compromise between the MSzMP and the moderate opposition parties, the President would be directly elected by the people and prior to the parliamentary elections. But unlike the MSzMP's initial attempt to install a strong presidency, the President of the Republic would be relatively weak in terms of the sphere of authority.90 It was also decided that Mátyás Szűrös, the Speaker of the National Assembly, was a "mere illusion." See "Interjú Csurka István, az MDF elnökségének tagjával: Reálpolitika — rossz kompromisszumok nélkül" [Interview with István Csurka, a Presidium Member of the MDF: Realpolitik -- Without Bad Compromises], *Esti Hirlap*, September 1, 1989.

89 In early September, there were several informal contacts between Pozsgay and the leaders of the opposition parties, and this intensified the tensions between the moderates and the radicals within the opposition. There was a rumor circulated around at this time that the MDF made a secret pact with the MSzMP, according to which the MDF was guaranteed the post of Prime Minister in exchange for its endorsement of the early presidential elections by popular vote [Personal Interview with Mihály Bihari, June 7, 1991]. See also Kenedi, *op. cit.*, p. 49.

90 The MSzMP and the moderate opposition parties accepted the principles of Act I of 1946 for the definition of the competency of the President. It meant that the President would be relatively weak as far as competency is concerned. The president would not constitute a strong power center, as initially envisioned by the MSzMP reformers. The President would not be above the branches of authority and could exercise his authority only through the government, which, in turn, would be responsible to Parliament. Even though the MSzMP reformers had to accept the weak presidency, they firmly believed that they were sure to gain the presidency. They calculated that the presidency under Pozsgay with strong legitimacy, irrespective of the sphere of authority, would undoubtedly set the tone of the parliamentary elections. For the moderates within the opposition, on the other
Assembly, would temporarily assume the duties of head of state until the election would
be held for the new office of President. Concerning the public account of the MSzMP's
assets and their redistribution for the financing of the new parties, it was agreed that the
MSzMP would hand over, by the end of the year, its assets valued at some 2 billion forints
to the government for the financing of political parties (the total value of the MSzMP's
assets was estimated at over 12 billion forints), and that the MSzMP would give an
account of its properties to the freely elected Parliament. Another compromise was that
the future work of the Workers' Militia would be determined in the framework of the
defense reform, and until then its armed exercise would be discontinued and its weapons
placed under the supervision of the Ministry of Defense. Finally, the question of party
activity at the workplaces was taken off the agenda, with the proviso that a committee of
experts would further discuss this issue.

The three months' of negotiations, thus, yielded an agreement on the constitutional
amendment including the establishment of the institution of Presidency, the electoral law,
the legal regulation on political parties, the amendment of the penal code, and the
establishment of an information committee to watch over the fairness of the state media
during the election campaign.91 While the MSzMP, the moderate opposition parties (the
hand, the early presidential elections by popular vote were viewed as a "lesser evil" in
order to make a prompt agreement with the MSzMP. In their view, however, the
presidency under Pozsgay would not be so tragic as the radicals argued, given the close
relationship between Pozsgay and themselves. See Balint, op. cit., pp. 80-81.

91 See "Megállapodás a politikai egyeztető tárgyalások 1989 júniusi 13-a és szeptember
18-a közötti szakaszának lezárásáról" [Agreement on the Conclusion of the Political
Conciliatory Negotiations between June 13 and September 18, 1989], Magyar Hirlap,
September 19, 1989.
MDF, the MSzDP, the FkgP, the KDNP, the MNP, the BZsBT), and the third side signed
the package of agreements on September 18, the radical opposition parties (the SzDSz
and the FIDESz) refused to sign. However, the radical opposition parties did not use their
veto power (which they had under the ground rules of the EKA -- the consensus
principle), and thus did not prevent the moderate opposition parties from signing the
agreement.

The pact between the MSzMP and the moderate opposition parties obviously
contained some elements of a compromised character and was also concluded somewhat
expeditiously. Nevertheless, the negotiations between the regime and the opposition
yielded an agreement that would pave the way for Hungary's transition to a multi-party
democracy. The package of agreements included an electoral law that is reasonably fair,
the party law that prohibits the discrimination of parties for political reasons, the penal
code amendment that prohibits the violent seizure of power, the constitutional amendment
that created the broad framework for the country's transition to democracy, and the
establishment of a committee of experts that supervises the impartiality of the media.
Despite some criticism by the radical opposition parties, therefore, the agreement provided
necessary, if not sufficient, political and legal conditions for Hungary's transition to

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92 In this respect, the radical opposition parties tried to portray the agreement,
especially on the early presidential elections by popular vote, as a "deal." Of course,
public opinion at the time showed that Pozsgay was the prime candidate for that post.
However, this expectation was rather "situational," and there was no institutional
guarantee involved in this agreement. It must be noted that it was more the norm than the
exception that the authoritarian regime (or a ruling party) often enjoys various kinds of
"premium" in the process of democratic transition.
democracy. The political agreements of the trilateral talks were enacted by the Hungarian National Assembly at its session from October 17 to 20.

4. The Advent of Democracy in Hungary

The creation of the conditions for the coming of democracy in Hungary was the result of the joint effort of the democratic forces both within the regime and the opposition. Even the radical opposition parties demonstrated a certain degree of moderation, by wisely not exercising its veto power and thus not hampering the agreement between the MSzMP and the moderate opposition parties. In the process of Hungary's democratic transition, however, the MSzMP reformers should be given the most credit. Above all, the reform wing of the MSzMP succeeded in neutralizing the conservative forces within the party and in bringing about a pact designed to guarantee the country's transition to a multi-party democracy. Without the MSzMP reformers, the country's political conditions in the autumn of 1989 might have been very different. Contrary to the MSzMP reformers' hopes that their efforts to implant democracy in Hungary would be rewarded by society, however, the political situation did not evolve in favor of the reformers. They had to suffer a series of major political setbacks (and some misfortune) in the last months of 1989.

The Fate of Reformers

The process of marginalization of the reformers began with the dissolution of the MSzMP. The overwhelming majority of the delegates, gathered at the party congress on
October 6-9, voted to terminate the MSzMP and set up the Hungarian Socialist Party (Magyar Szocialista Párt, MSzP), which was to be a modern, West-European style left-wing party capable of competing effectively in a democratic environment. The founding document of the MSzP declared the end of the MSzMP's era in the country, and stated that the hitherto concepts of socialism and the system of Stalinist origin had used up all their social, economic, political, and moral reserves. According to the document, the MSzP would distance itself from all the crimes and erroneous principles and practices of the MSzMP and would break with the system of the "bureaucratic party-state" and the principles of democratic centralism. At the same time, it stated that the MSzP would be the heir to the reform efforts within the MSzMP and to the ideas of "nation and progress."

The document proclaimed that the MSzP would become a modern socialist party from a state party, a mass party controlled by its membership, and an integral part of the European left-wing traditions.93

This "historic" party congress from its outset, however, witnessed a certain degree of tension between somewhat cautious reformers (Nyters and his supporters) who wanted to avoid the party split even at the cost of retaining some of the conservative elements within the party and more radical reformers (Pozsgay and reform circles) who demanded a clear break with the past through a turnaround in policies, organization, and personnel. The most debated issue at the congress was whether the MSzP should retain its organizations in Hungarian enterprises. Although Pozsgay pleaded for the exclusion of

the party organizations from workplaces on the grounds that they were viewed negatively by the general public as a means of exercising communist control over the economy, the congress voted to maintain its basic organizations at the workplaces. With respect to the Workers' Militia, the radical reformers demanded its disbanding without a legal successor, pointing out that the public felt that the organization was part of the authorities' repressive apparatus. However, the congress decided that the fate of the organization should be determined by the government and the National Assembly, arguing that it would operate in the areas of civil defense and natural disaster relief. The congress also made personnel changes, electing Nyers as Chairman and the 25 members of the Presidium. While the new leadership was dominated by the long-standing reformers (Pozsgay, Németh, Horn, Ormos, Vitányi), it also included some "questionable" figures from the party apparatus (Béla Katona, Pál Vastagh, and Lajos Menyhárt), whose past did little to suggest any commitment to radical reforms.94

Some of the important decisions at the congress, therefore, ran contrary to the demands of the radical reformers. But Nyers' tactic of trying to please everybody in order to preserve party unity soon turned into a serious political defeat. Following the congress, the new MSzP became extremely vulnerable to the criticism within and outside the party about the genuineness of the MSzMP's transformation.95 The general mood of

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95 Much of the criticism centered on how comprehensive the change was from the MSzMP to the MSzP. Even the daily of the MSzMP (now the MSzP), in its editorial, argued that the party membership in general viewed that the reformers had made too many compromises with the conservatives to prevent the party split. See "Meddig tart a
disillusionment among the party's rank and file was later confirmed by their reaction to the invitation of the former MSzMP members to sign up for the new MSzP. To the consternation of the MSzP leadership, only 30,000 (out of some 720,000 members of the MSzMP) had joined the MSzP by November 10. The most important organizational basis of the monopolistic power structure and system, the state party, now ceased to exist.

Another setback for the MSzP took place at the October session of the National Assembly. The Hungarian Parliament not only enacted the political agreement reached at the trilateral negotiations, but also, in an unprecedented manner, took an initiative to ban the party organizations from the workplaces and to disband the Workers' Militia. This meant that Hungary's National Assembly overrode the MSzP's decision at the congress to maintain its party cells at the workplaces and to oppose the disbanding of the paramilitary
kompromisszum?" [How Long Will the Compromise Last?] Népszabadság, October 11, 1989. Csaba Gombár, one of the leading party intellectuals, explained his decision not to join the MSzP by saying that it was "shrinking from the task of clearing up its past." According to him, due to the dubious compromise patched up at the congress, many of the former MSzMP members would judge the reconstituted party as either "too conservative" or "too radical," thereby preventing them from joining it. See "Interjú Gombár Csabával: Mi lesz a Magyar Szocialista Párt sorsa?" [Interview with Csaba Gombár: What Will Be the MSzP's Destiny?], Esti Hirlap, October 16, 1989.

96 The extent of the membership loss was far beyond the party leadership's imagination. Immediately following the congress, Nyers asserted that the membership of the MSzP would be at least 300,000-350,000. But the fact that the new party could attract only 30,000 by the initial deadline (less than half of the members of the reform circles that had claimed membership of some 80,000 in early October) clearly reflected how disillusioned and dissatisfied the reform forces within the party's rank and file were with the decisions made at the party congress. Even though the deadline was extended to the end of the year, the MSzP could draw only 50,000 members. Moreover, despite Nyers' efforts to avoid a split in the party, the conservatives did not accept the resolutions of the October congress and eventually convened their own party congress in December 1989, claiming the uninterrupted continuity of the MSzMP.
Workers' Militia, thereby shedding its former role as a "rubber stamp." Party discipline over parliament became a thing of the past. The hitherto docile deputies clearly demonstrated that they were now more attuned to public sentiment than the official party line. This obviously caused serious damage to the MSzP which tried to build an image as the new type of political party but still attempted to preserve some of its privileged position.97

The fatal blow to the MSzP came with the country's first national referendum. In October, the radical opposition parties (the SzDSz and the FIDESz), which refused to sign the tripartite agreement in September, initiated a campaign to invalidate the agreement on the early presidential elections. They successfully collected sufficient signatures (200,000) to meet the requirement for calling a referendum demanding that the President should be elected after the next parliamentary elections by the new democratic assembly, rather than by popular vote beforehand. In a well-organized referendum campaign, the radical opposition parties tried to convince people that the early presidential elections would give the better-known MSzP candidate (Pozsgay) an unfair advantage over the opposition candidates since there would be little time for a campaign. They also tried to portray the agreement on the early presidential elections as a "bargain over the head of the people."

97 Some 75% (288 deputies) of the assembly's 387 deputies were members of the MSzMP before the party congress. At the time of the October session of the National Assembly, however, about half (145 deputies) of the former MSzMP deputies joined the new MSzP. Even so, it is still surprising that only 4 deputies opposed the banning of the party organizations from the workplaces and only 15 abstained (6 against and 30 abstained in a vote to disband the Workers' Militia). See Magyar Hirlap, October 21, 1989. The fact that most of the MSzP deputies went against the party's official stands taken merely 10 days ago clearly reflected the internal disarray of the MSzP.
which would enable the MSzP to maintain some important positions of power in a new
democracy.98

The national referendum held on November 26, in which people were asked to
decide the timing of the presidential elections, turned out to be a very marginal victory by
some 6,000 votes (out of total 4,300,000 votes cast) for those in favor of delaying the
presidential elections until after the parliamentary elections. As a result, the presidential
elections, scheduled to be held in early January of 1990, were postponed. This
unexpected turn of events meant a critical defeat both for Pozsgay who was likely to fill
the post and for the MSzP that was expected to benefit from the presidency under
Pozsgay.

The weakening of the MSzP's influence in the political arena also coincided with
the dramatic changes in other East European countries in the autumn of 1989. In East
Germany, the mass exodus to the West and a series of popular demonstrations ended the
four decades' rule of Honecker in mid-October. The new party leadership under Krenz,
however, was unable to control the pace and direction of change under the mounting
pressure of the opposition. The process of the ruling communists' orderly retreat began
with the Roundtable negotiations with the opposition in early December. In
Czechoslovakia, the half-hearted use of force against the Prague demonstrators on
November 17 could not restore the order that the regime once commanded. The

98 As the SzDSz' damaging accusation of the MDF's "back-stairs dealing" with the
increasingly discredited MSzP continued, the MDF began to realize that its ties to Pozsgay
were becoming a handicap, and that it would have to distance itself from the MSzP. Thus
while the MSzP urged a vote for early presidential elections, the MDF called on voters to
boycott the referendum [Personal Interview with Mihály Bihari, June 7, 1991, Budapest].
leadership change was a device that fell short of the people's aspiration for democracy. And ultimately as mass demonstrations and a paralyzing general strike reached a climax on November 27, the communist regime simply capitulated. The next day Prime Minister Adamec started negotiations with the leaders of the Civic Forum, and it was agreed that a new government would include the members of the Forum. By December 29, Czechoslovakia had a new president, Václav Havel, the leading opposition figure, and the new president of its federal assembly was Alexander Dubček, the dismissed party leader of the Prague Spring. Finally, the violent revolution in Romania toppled the Ceaušescu regime that adamantly refused to emulate the reforms elsewhere. What was originally a local protest against the harassment of the ethnic Hungarian pastor (László Tőkés) on December 15 later turned into a mass demonstration joined by the Romanians. The brutal intervention of the secret police triggered mass demonstrations on the following day that resulted in many victims. Ceaušescu called a rally of support for the regime on December 21, but this turned into a demonstration against his despotic rule. The military's refusal to shoot the demonstrators and its fraternizing with them sealed the fate of the regime.  

Ironically, the dramatic political change in Eastern Europe was by no means good news for the MSzP. By the end of 1989, the popular mood in Hungary had turned sharply against communism, whatever form it might take. The sudden collapse of the communist regimes in neighboring countries nullified the assumptions and calculations of the Hungarian reformers. Their reputation as the driving force for democratization in Hungary

simply evaporated, and so did their earlier hopes of being the first communists to win the largest share of the votes in free elections.

The Parliamentary Elections of 1990

Following the national referendum, the National Assembly at its December session voted to dissolve itself by March 16, 1990, and set the date of March 25 for the parliamentary elections. Over 60 parties were registered in the Budapest Court of Registry and participated in the election campaign which started in mid-January. However, due to the strict regulations of the nomination process and the built-in mechanism of the electoral law to prevent the fragmentation of the legislature, 28 parties were able to put up candidates in the single member constituencies, 19 had regional lists, and only 12 managed to have national lists.100

Among the major parties, the MDF emerged as the most influential party in the pre-election period, with the claimed membership of 30,000 by early February of 1990. The MDF, since its founding in 1987 as a "national-populist" political movement, had occupied a centrist position between the ruling Communists and the radical opposition groups. But its political character had undergone some transformation in the changing

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100 The electoral law contained several obstacles in order to exclude the small parties. First, anyone (whether a party candidate or an independent) who wants to be a candidate in a single-member constituency has to collect at least 750 endorsement slips from the local residents. Second, a party is entitled to a regional party list if it is able to put up candidates in at least a quarter of the single-member constituencies in that region. Third, a national party list could be set up if a party has at least seven regional lists. Fourth, a party could not gain any seats from its regional and national lists unless it receives 4% of the total votes cast for regional lists. See *Magyar Közlöny*, October 30, 1989.
political context in the autumn of 1989. By the end of the year, it had recruited many members of a Christian Democratic element and had broken with the MSzP reformers.\textsuperscript{101} The MDF paid a great deal of attention to Hungarian minorities living abroad, mainly the issue of political and cultural autonomy in Transylvania. It was also concerned about the growing problems of social deviancy (e.g. the decreasing population, divorces, suicides, abortions, etc.,) and regarded it as its task to overcome the crisis of values and restore morality. The MDF's strongholds were Hungary's middle class and the rural lower middle class, but its program tried to create a "catch-all" character and was couched in terms of "nation and people."

The SzDSz also emerged as a major contender in the electoral race from the minor party that garnered only 5-6% of public support in the summer of 1989. It was originally formed by dissident intellectuals and human rights activists, who made up the radical opposition to the communist regime. At first, the SzDSz' activities were overshadowed by the initial success of its main rival, the MDF. However, the referendum campaign which the SzDSz initiated in November greatly helped throw off its image as a narrow group of Budapest intellectuals and helped increase its recognition and the size of its constituency. Its membership increased from some 3,000 in the summer of 1989 to 22,000 by the time

\textsuperscript{101} This move was, in part, prompted by the SzDSz' attack on the MDF's allegedly close link with the MSzP. Some of the SzDSz leaders even called the MDF a "crypto-communist party." The MDF responded quickly by replacing Zoltán Bíró, the leader of the populist wing and who was widely considered as Pozsgay's right-hand man, by Jozséf Antall as the party's Chairman in November. From that time on, the Christian Democratic force within the MDF had gradually taken the initiative, thus diluting somewhat the influence of the populist wing. In an effort to distance the MDF from the MSzP, Antall repeatedly said even before the campaign that the MDF would not enter into a coalition with the MSzP. See László Lengyel, 1990. "Delelőn" [On Zenith], no. 6, 2000, pp. 4-5.
of elections. The SzDSz had been firmly committed to the fundamental liberal principles of individual freedom and human rights. It was rather wary of Hungarian nationalism and rejected the idea of "third road" between capitalism and communism (which had some influence within the MDF). Instead, the SzDSz emphasized the Western elements of Hungary's cultural identity and advocated fast political and economic integration of Hungary with Western Europe. Its prime target was the intelligentsia, particularly the professional and white-collar workers in Budapest and other large cities.

The FKgP gradually increased its popularity and emerged as a potential coalition partner for both the MDF and the SzDSz. It supported the SzDSz during the referendum campaign in November, but its ideological outlook was nearer to that of the MDF. As the party of the peasants with landed property, the FKgP was the largest party in Hungary's last free elections in 1945, winning 57% of the votes. The main aim of the party was to reinstate land ownership on the basis of property registers drawn up in 1947. It maintained that peasants should be allowed to lay claim to the land that they previously owned or leave it in the cooperatives but receive compensation or a share of the cooperative's profits. Irrespective of how this could be done practically, the land program of the FKgP made it popular in rural areas. It also appealed to the small but rapidly growing class of private entrepreneurs as well as the self-employed.

The MSzP, since its inception at the MSzMP's October party congress, had been steadily losing supporters. The fact that its popularity plunged from 28% immediately following the congress to 11% by the time of the electoral campaign clearly illustrated how fast the public mood could change. Although it had tried to distance itself from its
past, the MSzP was hostage to the record of the old MSzMP. For many people, the MSzP was still identified with the past four decades of communist rule. The MSzP refrained from using the term "working class," and instead called itself the party of "wage earners." But as the anticommunist tide swept the country, its earlier optimism became more and more illusory. The continued austerity measures of the Németh government also did little to improve the MSzP's standing with the electorate. In addition, the so-called "Dunagate" scandal\(^{102}\) in early January discredited the MSzP's reformist image and further undermined its chances at the elections.

The FIDESz was originally founded in the spring of 1988 as an alternative to the official youth organization. Its flamboyant radicalism (especially its anti-Sovietism) had attracted much public attention, but this made many people wary of the extremist tendencies of the group. The FIDESz had been instrumental in revealing the wrongdoings of the ruling party: it collected tens of thousands of signatures in the recall campaign of several corrupt MSzMP deputies, thus necessitating the summer by-elections of 1989; it also disclosed the illegal methods used by the Ministry of Internal Affairs. The FIDESz had a political outlook similar to that of the SzDSz, but its message was primarily aimed at the young generation of 20 to 35 year olds whom it called, quite correctly, the real victims of the late Kádár era. Finally, the KDNP, which was established in the spring of 1989 as a successor to the Democratic People's Party that existed before the communist seizure of

\(^{102}\) The SzDSz and the FIDESz disclosed that a member of the Department of the Ministry of Internal Affairs, using a variety of illegal methods, had routinely collected information about the opposition parties and their leaders. Due to the scandal, István Horvath, Minister of Internal Affairs, and some of the staff in the State Security Service were forced to resign. See *Magyar Hirlap*, January 6, 1990.
power in 1948, tried to appeal mainly to the Catholics, the countryside, and the groups
now facing social difficulties, such as large families and pensioners. It called the
continuing impoverishment of wide social strata untenable and pledged to focus on the
needs of the disadvantaged groups. It also emphasized the importance of Hungarian
Catholic traditions and Christian values in the creation of social integration.  

In addition to some variation among the major parties in terms of their political
orientation and the identity of target constituencies, there were also some discernible
differences in their economic programs. They all advocated, in principle, marketization,
reduction of state ownership, and dismantling of loss-making state-owned industries.
However, the major parties differed with regard to the pace and degree of economic
transformation, i.e., more cautious and gradual changes (MDF, MSzP, FKgP, and KDNP)
vs. more radical and fast changes (SzDSz and FIDESz). The SzDSz unambiguously took
a free market stand in its economic program. It advocated a fast and even brutal
privatization and a large inflow of foreign capital as the vital elements in Hungary's
economic recovery. By contrast, the MDF took a more cautious approach to
privatization, stressing that uncontrolled privatization would discriminate against domestic
investors. It envisaged a "programmed privatization," according to which privatization
would be strictly supervised on a case-by-case basis by the government agency, and the
employees would be given low-interest credit to help them buy a share in their firms under

\[103\] Tamás Fricz, 1990. "Politikai tagoltság Magyarországon" [Political Stratification in
Hungary], Valóság, no. 5, pp. 25-30; András Kőrösenyi, 1990. "Pártok és szavazók --
Parlamenti választások 1990-ben" [Parties and Voters -- Parliamentary Election in 1990],
Mozgó Világ, no. 6, pp. 40-43. For a brief summary of the major parties' profiles, see also
"Voks '90" [Vote '90], Heti Világgazdaság, March 5, 1990, Special Edition, pp. 7-12.
Employee Stock Ownership Plans. On the potential role of foreign capital in revitalizing the country's economy, the MDF's program said: "We have to create the necessary economic, infrastructural, cultural, and legal conditions before we safely count on a massive flow of foreign capital." While the SzDSz openly admitted that significant unemployment and high inflation were inevitable in the initial phase of economic transformation, the MDF tended to sidestep these issues.104

As the campaign progressed, however, the parties' programmatic differences became de-emphasized and more attention and energy were spent on criticizing the past than planning for the future. With the changes in neighboring East European countries, anticommunism became the focal point that was exploited by the major opposition parties during the campaign. They each tried to present themselves as the most authentic anticommunists.105 The relationship between the MDF and the SzDSz turned extremely sour and their rivalry became uglier when attacks and counterattacks between them intensified. On several occasions, the MDF has been stung by the SzDSz' charges that it was nationalistic, chauvinistic, and even anti-Semitic.106 The MDF responded by

104 For more detailed economic programs of the MDF and the SzDSz, see "Pártprogrammok és dokumentumok" [Party Programs and Documents], in Sándor Kurtán et al (eds.), Magyarország Politikai Évkönyve, 1990, pp. 529-32, 594-97.

105 For example, one of the SzDSz' campaign slogans said: "Those who are against us [SzDSz] are with them [Communists]," thus implying that the SzDSz was the only true anticommunist. The FKgP, the victim of the communists' salami tactic in the period of a coalition government (1945-48), also claimed that the MSzP and the MSzMP had not broken with the Bolshevism that was similar to fascism. Whether it was fair or not, this kind of anticommunist campaign tactic appealed to many voters.

106 See, for example, Gáspár Miklós Tamás, 1990. "Új reformkor vagy új Horthy-korszak?" [New Reform Era or New Horthy Period?], Beszélő, no. 4, pp. 5-6. In his
criticizing the social and political origins of some SzDSz leaders.107 During the campaign, both parties categorically rejected the possibility of a "grand coalition" between them.

Despite the proliferation of new parties and an endless series of their statements, declarations, and advertisements, the two months of the campaign did not generate a high degree of excitement among the generally politically apathetic Hungarians. Thus, the first post-communist elections turned out to be a choice without enthusiasm and recorded a rather low turnout (65% in the first round and 45% in the run-off). One reason may be that in the preceding two or three years the Hungarian public had been fed up with information on various reform options in the media. Virtually all topics had been exhaustively discussed, and the people became rather bored by the time of the electoral campaign and no longer paid attention to typical campaign rhetoric. Another reason might be found in the peculiarity of the Hungarian transition process. The collapse of communist rule in Hungary was much more an outcome of a struggle between small elite groups of the regime and the opposition, than the result of mass pressure from below, as in Poland, Czechoslovakia, and East Germany. The opposition parties altogether did not have more

107 The MDF, in a newspaper advertisement, revealed the communist backgrounds of some SzDSz leaders and their families. For example, János Kis and Ferenc Köszeg were members of the MSzMP until the early 1970s. György Konrád and István Eöresi were Marxists. László Rajk, Jr. and Imre Meics also came from old communist cadre families [Personal Interview with Mihály Bihari, June 7, 1991]. This was obviously a ridiculous charge, given that the MDF in fact increased its membership by recruiting many of the former MSzMP members (especially the members of the reform circles) following the MSzMP's congress in October. But this kind of mudslinging between the two contending parties occurred frequently, especially in the later period of campaign.
than 100,000 members in the pre-election period. People in the street followed the process of transition with approval, but without actively participating in it.

In any case, the parliamentary elections of March-April of 1990 ended the four decades of communist one-party rule. As mentioned earlier, the election law stipulated that the country be divided into 176 single-member constituencies and 20 regions, and that the 386 seats in Parliament were to be filled by single-member constituencies (176), the regional party lists (158), and the national lists (58). The voters had two votes, one for an individual candidate and the other for a party. The first round of elections on March 25 reduced the number of the relevant parliamentary parties to six (See Table 4.5). Although the 152 seats were originally allocated in the regional party lists, only 120 seats were actually distributed among the six parties due to the 4% threshold (MDF 40, SzDSz 34, FkgP 16, MSzP 14, FIDESz 8, and KDNP 8 seats). As a result, the remaining 32 seats were to be transferred to the national list, thereby increasing the seats in the national pool from 58 to 90. Among the 176 single-member constituencies, only five seats (three won by the MDF and two by independent candidates) were decided in the first round. The MDF took the lead in 80, the SzDSz in 63, and the FKgP in 11 constituencies.108

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108 Magyar Hirlap, March 28, 1990. The election law stipulates that unless any candidate secures an absolute majority in the first round, a run-off would be held among the top three candidates.
### Table 4.5 The Votes Cast for Regional Party Lists (in Percentage)

<table>
<thead>
<tr>
<th>Party Name</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hungarian Democratic Forum (MDF)</td>
<td>24.71</td>
</tr>
<tr>
<td>Alliance of Free Democrats (SzDSz)</td>
<td>21.38</td>
</tr>
<tr>
<td>Smallholders Party (FKgP)</td>
<td>11.76</td>
</tr>
<tr>
<td>Hungarian Socialist Party (MSzP)</td>
<td>10.89</td>
</tr>
<tr>
<td>Federation of Young Democrats (FIDESz)</td>
<td>8.94</td>
</tr>
<tr>
<td>Christian Democratic People's Party (KDNP)</td>
<td>6.46</td>
</tr>
<tr>
<td>Hungarian Socialist Workers' Party (MSzMP)</td>
<td>3.68</td>
</tr>
<tr>
<td>Hungarian Social Democratic Party (MSzDP)</td>
<td>3.55</td>
</tr>
<tr>
<td>Agrarian Alliance (ASz)</td>
<td>3.15</td>
</tr>
<tr>
<td>Party of Entrepreneurs (VP)</td>
<td>1.89</td>
</tr>
<tr>
<td>Patriotic Electoral Coalition (HVK)</td>
<td>1.87</td>
</tr>
<tr>
<td>Hungarian Peoples' Party (MNP)</td>
<td>0.76</td>
</tr>
<tr>
<td>Others</td>
<td>0.96</td>
</tr>
</tbody>
</table>

100.00


### Table 4.6 Hungarian Election Results, 1990 -- Distribution and Sources of Seats

<table>
<thead>
<tr>
<th></th>
<th>Individual Const.</th>
<th>Regional Lists</th>
<th>National Lists</th>
<th>Total Seats</th>
<th>% of Seats</th>
</tr>
</thead>
<tbody>
<tr>
<td>MDF</td>
<td>114</td>
<td>40</td>
<td>10</td>
<td>164</td>
<td>42.49</td>
</tr>
<tr>
<td>SzDSz</td>
<td>35</td>
<td>34</td>
<td>23</td>
<td>92</td>
<td>23.83</td>
</tr>
<tr>
<td>FKgP</td>
<td>11</td>
<td>16</td>
<td>17</td>
<td>44</td>
<td>11.40</td>
</tr>
<tr>
<td>MSzP</td>
<td>1</td>
<td>14</td>
<td>18</td>
<td>33</td>
<td>8.55</td>
</tr>
<tr>
<td>FIDESz</td>
<td>2</td>
<td>8</td>
<td>12</td>
<td>22</td>
<td>5.70</td>
</tr>
<tr>
<td>KDNP</td>
<td>3</td>
<td>8</td>
<td>10</td>
<td>21</td>
<td>5.44</td>
</tr>
<tr>
<td>ASz</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>0.52</td>
</tr>
<tr>
<td>Independent</td>
<td>6</td>
<td>-</td>
<td>-</td>
<td>6</td>
<td>1.55</td>
</tr>
<tr>
<td>Joint Candidate</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>0.52</td>
</tr>
</tbody>
</table>

176 120 90 386 100.00

The second round of elections held on April 8 decided as many as 171 seats on the individual seats and the 90 seats allocated to the national lists. The national list was designed to prevent votes from getting lost. That is, when a candidate receives more than the number of votes necessary to win a seat, or when a candidate loses but gets some votes, these "surplus" votes are to be transferred to the given party's national list. Table 4.6 shows the final results of the elections.

The parliamentary elections of 1990 were partly a referendum on the four decades of the one-party system. Like everywhere else in Eastern Europe, the end of single-party rule was accompanied by a rush of anticommunist sentiment as people bellowed out frustrations that had built up over many years. The MSzP, once hopeful of being the first communists to win free elections, managed to acquire 8.55% of total votes and only one seat (Mátyás Szűrös, the interim President) out of 176 individual districts. The voters were not prepared to make a distinction between the (discredited) "state socialism" and the (unspecified) Western style "democratic socialism" which the MSzP sought to promote.\textsuperscript{109} The MSzMP, which was reestablished by the die-hard communists in December 1989 and boasted of having the largest claimed membership (100,000), had

\textsuperscript{109} It is worthwhile to note the humiliating defeat of Pozsgay, who was instrumental in breaking up the MSzMP from within and in bringing about political changes in Hungary, and who was arguably the most popular politician a mere six months ago. He got only 17% of the votes and came in a third place in the town of Sopron, behind the FIDESz and the MDF candidates. Incidentally, Pozsgay got the same percentage that the Communist Party received in Hungary's last free elections in 1945 before the communist seizure of power.
been obliterated in the first round and could not secure even one parliamentary seat.\footnote{110}

The parliamentary elections brought a clear victory for moderate "center-right" parties. In the second round, the MDF emerged once again as the winner, but this time by an unexpectedly large margin.\footnote{111} It proved to be the most popular alternative to the voters whose first choice candidate had been eliminated. It not only won the 80 seats where it took the lead in the first round, but gained additional 34 seats in individual districts. While

\footnote{110} The results of Hungarian parliamentary elections, like those in other Eastern European countries, were often described as the "defeat of the left." But this kind of labeling seems to be premature. Polls conducted before and after the elections in Hungary clearly showed that there was a significant social democratic constituency which did not materialize in the elections because none of the "left" parties was willing or able to articulate their interests. The MSzP, for example, avoided calling itself the party of the working class, probably fearing its pejorative connotations. In fact, one can barely detect the presence of socialist ideas in its economic program. The MSzDP, which had a strong tradition of trade unionism in the inter- and post-war period, tried to build up its image as a middle-class party. It also suffered greatly from the internal struggle between the older and younger generations, and was eliminated in the first round of elections. Only the MSzMP tried to present itself as the authentic representative of working class interests, but it already lost its credibility. See, for example, József Bayer, 1990. "Antikommunizmus Magyarországon, 1990 — Abalodali vereség?" [Anticommunism in Hungary, 1990 — The Defeat of the Left?], Társadalmi Szemle, no. 12, pp. 3-5.

\footnote{111} There were at least two explanations for the MDF's landslide victory. First, the violent clash between Romanian nationalities and the members of the Hungarian minority in Transylvania in late March seemed to benefit the MDF that had been especially concerned about the fate of the minorities. Second, the MDF's cautious approach to the country's economic transformation, as compared to the SzDSz' radical policy, played a substantial role in the MDF's victory, especially in the contest between the two. The SzDSz' commitment to radical free-market policies, which may have made economic sense, frightened many voters who were most worried about mass unemployment and the declining standard of living, and who had misgivings about the sellout of national assets to foreigners. On the other hand, the MDF was at pains to stress that it would not allow the ruthless logic of the market to affect the standard of living. The MDF's cautious economic program had the serious risk of further stagnating the country's economy, but its moderate tone seemed to attract voters who feared the radical economic change. See Körösényi, \textit{op. cit.}, pp. 48-49.
it obtained support evenly spread among all social groups and across the regions, it showed a remarkable success among middle-class Hungarians and in the provincial towns. The FKgP also stood its ground in its strongholds and won 11 seats in individual districts.

Its core constituency was the less-educated, low income peasants of the older generation in rural areas. The KDNP's success came as a surprise. Although poorly organized, the KDNP passed the 4% hurdle and secured 21 total seats. Its constituency was the elderly, poorly educated, and female voters, especially in the northern Catholic region of the country. The SzDSz turned out to be the big loser: it was robbed by the MDF of 28 seats where it had secured a plurality of votes in the first round. It did well in the developed, more urbanized north-western region and in the metropolitan area of Budapest, but below the national average in the rural areas. It was over-represented among the well-educated and high-income groups. The resulting formation of a coalition government between the MDF, the FKgP, and the KDNP secured a comfortable majority (about 60% of total seats) in Hungary's new Parliament. Hungary's gradual and peaceful transition to democracy had finally been achieved.

Chapter V

Conclusion

By investigating the processes of Hungary’s transition to democracy, this study attempted to show that a small circle of elites both within the regime and the opposition played the decisive role in the establishment of a democratic rule in Hungary and that the calculations of costs and benefits on parts of political actors and their choices were highly dependent on the specific transitional context within which they were operating. In this chapter, I will summarize the findings and discuss some important theoretical issues in the study of transitions.

Let me first consider the question of liberalization. The primary reason for the Hungarian regime’s move toward liberalization can be found in the decline of Kádárist legitimacy. It began with the deterioration of the Hungarian economy in the mid-1980s. The second economy could no longer make up for the heavy losses in the state sector and Hungary’s economy had rapidly reached the crisis point. The subsequent need for the implementation of an economic stabilization program which featured severe austerity measures (e.g. unemployment, unprecedented price increases, income and value-added taxes, etc..) virtually destroyed the very basis of Kádárist legitimacy, namely, the ability of the regime to offer a steady, if modest, rise in living standards via consumer-oriented
policy. The decline of regime legitimacy, in turn, produced important political changes both within the regime (i.e., the leadership succession) and society (the emergence of autonomous organizations). The collapse of Kádárism, thus, marked not only the failure of the “Hungarian model” that enjoyed some success for more than two decades, but the beginning of the bankruptcy of communist one-party rule. The post-Kádár leadership (controlled by a younger generation of conservative party politicians), chose the policy of liberalization, calculating that it could solve the crisis of legitimacy in the period of economic stabilization by making some political concessions to society (e.g. rights of assembly and association but prohibiting the formation of political parties and independent trade unions, some political reform measures such as a law on referendum, a modification of electoral law, and democratization within the party, allowing some freedom in the media, etc.).

The Hungarian case disputes many transition theorists’ argument that points to the emergence of a schism within the regime as the primary factor accounting for the initiation of liberalization.\(^1\) It illustrates that visible splits within the regime did not precede the initiation of liberalization. The surfacing of divisions between the MSzMP conservatives and reformers and its deepening, in fact, took place in the course of liberalization. The Hungarian case also does not support the view that links the decision to liberalize to the possibility of an alliance with some political forces in society.\(^2\) The MSzMP reformers obviously saw the possibility of a future alliance with the MDF, but their position within

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2 Przeworski, 1991b, *op. cit.*
the power establishment at the time was far too weak to materialize this possibility.

Rather, the decision to liberalize and the setting of the political agenda was in the hands of MSzMP conservatives who did not envision any type of alliance with oppositional groups.

Now let me examine the process of political opening. When the MSzMP conservatives decided to liberalize, their vision of political change did not go beyond the framework of a one-party system. Why, then, did the conservatives’ attempt at limited liberalization fail and evolve into the decision in favor of a limited democratization? Part of the answer can be found in the divisions within the regime and the proliferation of independent political organizations of society. First, if the regime maintains strong internal cohesiveness and thus a capacity to direct the course of political change, it does not easily concede to pressures from below. The Hungarian case shows that serious disputes between the conservatives and reformers within the regime over how to deal with the problem of legitimacy greatly undermined the conservatives’ ability to shape the steps and tempo of political change. Second, the pressure for democratization must be politically organized since it could provide a “real choice” for isolated individuals. Without the organizations of alternatives, there is little possibility for concerted action from a diverse, heterogeneous opposition.3 The Hungarian case demonstrates that, even though the opposition was organized primarily among intellectuals and student groups and still lacked broad popular appeal, the proliferation of oppositional organizations and proto-parties obviously challenged the conservatives’ strategy of confining political change within one-party rule, thus prompting their reaction in one way or another.

3 Przeworski, 1986, op. cit.
The Hungarian case also attests to the affinity between the divisions within the regime and the proliferation of independent organizations of society. A sharp dispute between the conservatives and reformers within the MSzMP over the fate of independent organizations resulted in the surge of political organizations and proto-parties, which, in turn, contributed to the deepening of divisions within the regime over the issue of a one-party vs. multi-party system.4

Consequently, the MSzMP conservatives came to realize that the way to resolve the political stalemate caused by the intensified conflicts within the MSzMP leadership and the emergence of a de facto multi-party situation was either to repress their opponents or to move the transition beyond liberalization. The conservatives opted for democratization, albeit limited in its scope, since they perceived that it would be less costly than restoration by force. Given the Western world’s close observation of Hungary’s political change and, more importantly, given the severe economic constraints (e.g. heavy dependency on foreign trade, intolerable burden of foreign debt, and implementation of economic

4 Tarrow argued that the major conflicts within the political elite had the effect of lowering the costs of collective action and increasing its potential gains. See Sidney Tarrow, 1989. *Struggles, Politics, and Reform: Collective Action, Social Movements, and Cycles of Protest*. Ithaca: Cornell University Press, pp. 35-36; idem, 1991. “Aiming at a Moving Target: Social Science and Recent Rebellions in Eastern Europe,” *PS: Political Science and Politics*, vol: 24:1, p. 15. Mihály Bihari, one of the leading Hungarian political scientists, asserted that the Central Committee meeting on September 27, 1988, in which a serious division between the conservatives and reformers took place and accurately reported in the media, was the critical watershed that greatly changed the opposition’s strategies and attitudes toward the regime. Bihari pointed out that the continuation of inner discord at the top of the MSzMP (especially the Grósz-Pozsgay conflict) helped the existing oppositional organizations make more vocal demands for political change. At the same time, it, in fact, contributed to the reemergence of historical parties [Personal Interview with Mihály Bihari, June 7, 1991, Budapest].
stabilization program) Hungary faced, any attempt at repressing the opposition or reformers within the regime might cause Western economic sanctions that could lead to the collapse of Hungary’s economy.

The conservatives came to perceive that limited democratization would be a more viable option than restoration. They calculated that a tightly controlled transition to a multi-party system from above would retain the MSzMP’s dominant position in the political arena. At the same time, given the political situation in other East European countries, they expected that the move toward democratization would win Hungary a reputation in the eyes of international public opinion as a pioneer that leads the political innovation in Eastern Europe and they hoped that this reputation could earn much-needed foreign loans.

The Hungarian case suggests that the initiation of democratization is not necessarily related to the degree of popular mobilization, the likelihood of success of repression, or irrationality of political actors. Rather, it demonstrates that democratization is likely to occur when (i) the opposition is politically organized so as to provide a viable alternative to isolated individuals (but not necessarily a high degree of mass involvement); (ii) the regime is seriously divided since some group within the authoritarian power establishment embraces an alternative model of political order; and

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5 For Przeworski’s account of the evolution of liberalization into democratization, see chapter I of this dissertation (fn. 54).
(iii) the regime core perceives that tolerating opposition has fewer risks and more potential gains than suppression.⁶

Although the MSzMP conservatives accepted the transition to a multi-party system, they wanted to play the "determining" role in its process. They initially tried to co-opt the moderate segment of the opposition into power and to exclude the radical opposition from the political arena. When this time honored tactic of "divide and conquer" did not work, the conservatives attempted to impose a semi-democratic formula by framing the negotiations with the opposition to their advantage, thereby safeguarding the MSzMP's dominant position in the prospective multi-party system. However, the conservatives' attempt at limited democratization failed and evolved into the establishment of a political pact between the MSzMP reformers and the moderate segment of the opposition. Why?

The Hungarian case illustrates that miscalculations often play the crucial role in transitional politics. In launching the project of limited democratization, the MSzMP conservatives calculated that, given the weakness and fragmentation of the opposition, they could easily divide and marginalize the opposition. They also expected that their new move would terminate the protracted division within the regime and that they could maintain their control of the transition process. However, the conservatives' calculations proved wrong. The reason may be that the conservatives' acceptance of the principle of a

multi-party system drastically altered Hungary's transitional context, provoking the development of new dynamics both within the regime and in the opposition. The very prospect of democratization (although limited in its scope) widened the scope of strategies available to political actors and lowered the risk of collective action.

The first major shift in Hungary's transitional context was the formation of the EKA as the unified representative of the opposition. In the course of confrontation with the conservatives, the EKA repudiated the conservatives' attempt at a "paternalistic" framing of negotiations and any kind of semi-democratic formula (i.e., specific institutional guarantees and/or a pre-election agreement), and demanded the holding of free elections. The conservatives soon realized that they would have no negotiating partner unless they accepted the demands of the EKA.

The second shift was the ascendancy of reformers within the MSzMP leadership. The impetus for the change in the power balance within the regime came from reformist elements within the party's rank and file. The "reform circles" organized within the party's local branches throughout the country criticized the conservative leaders, their negotiation tactics against the opposition, and supported the EKA's demand for free elections. Their presence within the party became more visible and their demands more vocal. The strengthening of the reformist force within the party's local organizations was accompanied by the swift disintegration of the conservative faction and led to the shift in the balance of power in favor of reformers within the party leadership. It also helped the reformers at the top modify their strategic objective, i.e., from power-sharing to electoral
legitimation, implying that the conservatives’ project of limited democratization would no
longer continue.

Moreover, the economic problem continued to be a serious constraint to the
MSzMP conservatives’ political maneuvering. The conservatives found in the first half of
1989 that they had to revise the original three-year plan of economic stabilization (1988-
90) in order to save the Hungarian economy that showed no sign of recovery. The revised
plan would include more radical measures, such as large-scale industrial restructuring
which would produce mass unemployment, more drastic price rises and greatly reduced
consumption. It obviously meant increasing hardship and the continuing deterioration of
the living standards of the population, which could be a potential source of political
destabilization. This is why the conservatives made heavy political concession in exchange
for the inclusion of economic issues in the negotiations with the opposition.

Imre Nagy’s political rehabilitation and reburial also played a role in weakening the
conservatives’ position within the regime and prompted the defection of party officials
from the conservative line. A quarter million Hungarians gathered at Heroes’ Square and
the presence of the opposition leaders and leading figures of the MSzMP reformers on the
day of Nagy’s funeral symbolically represented the burial of state socialism and the
marginalization of conservatives within the regime.

The establishment of a political pact may be explained by the coincidence of
interests between the MSzMP reformers and the moderates within the opposition. At the
start of the Trilateral negotiations, the regime (now controlled by the reformers) and the
opposition concurred in the establishment of democratic order via open electoral
competition. The negotiating partners reached an agreement on several important points including the election law. But some contentious issues (i.e., the issue of the Presidency and those concerning the MSzMP's privileges) impeded the conclusion of negotiations and eventually broke the unity of the opposition. The radical opposition rejected any kind of compromise on the controversial issues. On the other hand, the MSzMP reformers and the moderate opposition shared an interest in a quick political agreement, even though each side had to make compromises.

More specifically, as the negotiations progressed, the reformers and the moderate opposition parties seriously considered themselves as future coalition partners in the prospective multi-party democracy. The public opinion polls conducted at the time showed that the MSzMP and its reformers were clearly ahead of the opposition parties and their leaders. But it also indicated that no single party would win an absolute majority in the forthcoming parliamentary elections. Considering the reformers' repeated statements that they envisioned a coalition based on a center-left formula, they obviously saw the moderates as future coalition partner.

The moderates, on the other hand, did not want to jeopardize the agreement hitherto accomplished at the negotiations and leaned toward a compromise with the reformers. As the moderates increasingly gained in electoral strength which manifested itself in the MDF's victory in several by-elections, they wanted to quickly wrap up the negotiations. At the same time, however, they did not question the strength of the MSzMP and its reformist leaders' popularity, and thus their future role in the prospective multi-party democracy. Under the circumstances, the moderates considered future coalition
with the reformers as a realistic and good deal (given the MDF leaders' close relationship with the reformers since its inception). Thus, the prospects for future coalition prompted the reformers and moderates to opt for a compromise on the disputed issues and to establish a political pact that ultimately paved the way for the coming of democracy in Hungary.\(^7\)

What can we learn from the discussion of Hungary's transition to democracy? The Hungarian case shows that the issue of legitimacy is very crucial in understanding Hungary's political transition. According to Przeworski, it is not the loss of legitimacy but the emergence of autonomous organizations and the splits within the authoritarian regime that induce the regime to move toward its transformation.\(^8\) But what Przeworski overlooked was the possible connection between the loss of legitimacy on the one hand,

\(^7\) Burton, Gunther, and Higley regard Roundtable negotiations that took place in the course of democratic transitions of some East European countries as attempts at "elite settlements." See Michael Burton, Richard Gunther, and John Higley, "Introduction: Elite Transformations and Democratic Regimes," in Higley and Gunther (ed.), *Elites and Democratic Consolidation in Latin America and Southern Europe.* Cambridge: Cambridge University Press, pp. 1-37. According to them, elite settlements refer to events in which "warring elite factions suddenly and deliberately reorganize their relations by negotiating compromises on their most basic disagreements." They assert that elite settlement helps stabilize the political environment by establishing a "procedural consensus" and greatly increases the chances of the emergence of a consolidated democracy. They usefully highlight the importance of compromise and cooperation to democracy as well as the pivotal role played by the elites in shaping regime outcomes. Unlike their argument, however, the Hungarian case may not serve as an example of elite settlement. The main actors in the Hungarian Roundtable negotiations, i.e., the reformers within the regime and the moderates in the opposition, were not previously antagonistic each other; rather, they had maintained a close relationship throughout the transition period. Moreover, the conditions that appear to have triggered elite settlements, i.e., (i) the prior occurrence of a conflict in which all elite factions suffered heavy losses; (ii) the possibility of widespread violence, were less visible in the Hungarian case.

\(^8\) Przeworski, 1986; 1991b, *op. cit.*
and the independent organizations and divisions within the regime on the other hand. The
analysis of the Hungarian case tells that there was a close link between them.

The Kádárist legitimation tactic, i.e., the strategy of buying political acquiescence
through economic concessions, had enjoyed success for more than two decades. The
regime won a significant degree of popular consent. The success of Kádárism had also
contributed to the maintenance of cohesion among the political elite.9 But when Kádárism
proved no longer viable, it had a significant impact on the configuration of Hungarian
politics. That is, the collapse of Kádárism (and the resulting “legitimacy vacuum”) was the
major impetus for the hitherto docile oppositional currents to establish the independent
organizations outside the official organizational framework. They began to champion an
alternative image of political order and called themselves “alternative” organizations. At
the same time, the loss of legitimacy was later channeled into the serious divisions within
the regime. The splits between the conservatives and reformers within the MSzMP were,
in fact, the manifestation of the difference on the legitimizing formula advocated by each
group. The Hungarian case, therefore, illustrates that the emergence of divisions within
the regime may not be separated from the question of legitimacy.

9 The political elite under the Kádár regime maintained a certain degree of self-
confidence in the legitimation of its own domination. Its confidence mainly stemmed from
the claim that “under given geopolitical conditions, we are those who realized the
maximum level of economic achievement, we are the best in this respect, and those who
comes after us will be less qualified.” See Erzsébet Szalai, 1991. “A hatalom
metamorfozisa?” [The Transformation of Power?], Valóság, vol. 34:6, p. 3. See also
Miklós Szabó, 1989. “A legitimáció történeti alakváltozásai” [The Historical Changes of
Legitimation], Medvetánc, no. 1, pp. 294-97.
The disputes over addressing the problem of legitimation did not subside even after the conservatives’ acceptance of the principle of a multi-party system. The question of legitimacy, in fact, carried more and more weight. Against the MSzMP conservatives’ paternalistic representational claims, the opposition challenged the legitimacy of the regime. The EKA representatives argued that there was no legitimate power in the country, that is, no one represented society and no one was authorized to enunciate the public will, that the crisis of legitimacy would not be solved by any kind of power-sharing, and that the crisis could be resolved only by establishing legitimate power via free, fully contested elections. The opposition’s claim coincided with that of the reformers within the regime. Under the concerted attacks from the opposition and the reformers, the conservatives found that they had no reasonable counterarguments. The reformers obviously had a powerful motive for risking free elections. They perceived that power-sharing based on compromise would reproduce the problem of legitimacy. By holding free elections and winning them, the reformers could accomplish a historical precedent that they would be the first Communists to base their claim to rule on popular legitimacy. In sum, the problem of legitimation turned out to be a serious burden to the power holders and a major opportunity for the political challengers in Hungary’s transitional politics.

From the above discussion, it may be argued, first, that if a loss of legitimacy is generally perceived and leads to a clear recognition of urgency within the regime that something has to be done, it may spur the hitherto unorganized forces in the civil society to enter the political stage by establishing autonomous organizations. Second, the question of legitimacy may not be divorced from the way divisions within the regime
originate and are ultimately resolved. Third, the prospects for regime transformation increase if a certain section of elites within the regime argues for an alternative image of political order (and thus serious splits breaks out), if it coincides with the aspirations of the opposition, and if it obtains a considerable support base within the regime.

The Hungarian transition also raises the question of the relative importance of a normative commitment to democracy on the part of political elites. Recent transition theorists tend to focus little on values and more on behavior. According to them, the decision in favor of democracy need not stem from any intrinsic commitment to democratic norms or moral conviction; rather it often comes out of strategic reasons (i.e., the short-term political calculations and the ability of political actors to compromise). On the other hand, others argue that democracy results from the purposeful efforts of political actors who have devoted themselves to democratic causes (i.e., a normative commitment to democracy). However, a sharp dichotomy between these two may be futile in a specific case study. The Hungarian case suggests that the above two arguments do not have to be mutually exclusive.

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10 See, for example, Daniel H. Levine, 1988. “Paradigm Lost: From Dependency to Democracy,” *World Politics*, vol. 40, pp. 377-94. Reviewing the four-volume book, *Transitions from Authoritarian Rule*, Levine commented: “The editors and many of the contributors seem to consider the major motivation behind transitions to democracy to be fear and a healthy respect for opponents. Although these are important, they are insufficient to explain the commitments to institutional compromise, accommodation, and mutual guarantees typical of democratic political systems ... There is much conflict in these pages and lots of tactical maneuvering, but little passion or commitment ... Those who treat democracy as little more than the absence of negatives forget that there is no democracy without democrats, at least not for very long” (p. 394).
Let me examine the main actors within the regime in Hungary’s transition. The conservatives, who retained their dominant position within the regime until the spring of 1989, constituted an opportunistic group. They were obviously not the pro-democratic force, but they were by no means “hardliners” who are disposed to favor an authoritarian regression and possess the capacity to realize it. What about the reformers? Apart from the fact that they played the most important role in Hungary’s political transition, were they democrats? A clear-cut answer may be impossible. The reformers were the group of party politicians and intellectuals that began to envisage and demanded radical political change in the waning period of the Kádár regime, and later waged a risky war against the conservatives which could have jeopardized their political life. Their vision of political transformation changed over time, from more institutionalized pluralism within the framework of a one-party system to a power-sharing based on compromise, and ultimately to the establishment of democratic rule via electoral means.

One might maintain that the Hungarian reformers were not truly democrats since they did not champion a multi-party system from the beginning. But this observation overlooks the fact that the shaping of goals and strategies depends on the specific context within which the political actors are operating. The demand for the introduction of a multi-party system under the Kádár regime would have been suicidal and thus unwise. Even the most radical oppositionists could not have envisioned it at the time.

One might claim that the reformers’ advocacy of electoral legitimation was purely tactical. Of course, the reformers’ perception of their relative electoral strength was
evidently a strong incentive for the reformers to decide in favor of democracy. At the same time, however, it must be noted that the reformers' vision of political change almost coincided with that of the opposition. Generally speaking, political action is strategic and contextual, but it often reflects values and beliefs of political actors. The Hungarian case shows that the reformers' advocacy of electoral legitimation not only derived from their short-term political calculations, but reflected their commitment to democratic principles. It, therefore, displays the importance of the role of idea as well as elites' tactical maneuvering in regime transformation.

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11 One of the often asked questions concerning the collapse of communist regimes of Eastern Europe was why the Communist Party was “willing” to surrender its monopoly of power. One popular answer is that the party elite and bureaucrats saw the opportunity to “convert” political power into economic power, that the conversion of power constituted a primary motive for the regime to move toward the process of “self-destruction.” [See, for example, Kazimierz Poznanski, 1993. “An Interpretation of Communist Decay,” Communist and Post-Communist Studies, vol. 26:1, pp. 21-22; Elémer Hankiss, 1990. East European Alternatives. Oxford: Claredon Press, chapter 9]. The conversion thesis deserves some attention, but one caveat may be made here. The conversion of power played some role in the transitions of Hungary and Poland, but little role in East Germany and Czechoslovakia. In Hungary, since the mid-1980s, some members of the party and state bureaucracies who possessed the professional skills and competence entered into the new institutions of market economy and occupied influential positions in the new commercial banks, holdings, insurance companies, etc. Some of them also acquired market assets by using their political position (e.g. owning a private business by someone in the family). Thus, the major beneficiaries of conversion of power had little reason to resist the regime transformation, and this may help, to a certain extent, account for Hungary's peaceful transition. However, the conversion of power was by no means a primary motive for the regime's willingness to give up its monopolistic power.
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