

Economic Platforms of the Various Political Parties in the Hungarian Elections of 1945

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In the 1989-90 elections in Hungary, politicians reminisced of the good old days of 1945 and kept saying how “free” the elections of that year were. Were those elections as free as they would like us now to believe?

This paper will examine the economic platforms of the various parties that were allowed to participate in Hungary's first post-war elections. It will also suggest that the elections seemed free, because the Western Allies — the British and the Americans — had a “hands off policy” at that time toward Hungary. They were more preoccupied with problems elsewhere in the world and as a result, by default, they conceded Hungary as an area falling under the Russian sphere of influence. The Soviets on the other hand, were not that sure how much pressure they could apply in Hungary and, as a result, they intervened in the elections less than in those of the other East European countries.

In the 1944-45 period the exhausted nations of Europe began the task of rebuilding their destroyed economies. The dual tragedies of the Great Depression and the war had created an atmosphere where direct government involvement in the economy became accepted as the norm. A surge of idealism combined with a disillusionment with the old order resulted in radical leaders gaining strong moral and political influence. The desire for change in political life and the acceptance of government control in many areas of the economy was illustrated by the many parliamentary seats won by Social Democrats and Communists in most of the European countries.

Hungary's losses in the Second World War had been devastating. Estimates are that between 420-450 thousand Hungarians died (higher than British, Italian, French or American losses), and between 850-900 thousand were taken prisoners of war.¹ Before the war Hungary had been an agricultural and industrial nation. In 1938, the last peace year, 37% of the national income was generated by agriculture and 38% by industry. Due to the demands of war, in the period of 1943-44, the ratio changed to 43% of national income generated by industry and 28% by agriculture.² But after the war the destruction of the industrial sector left the country paralyzed. The damage, in 1938 prices, was 22 billion *pengős* -- using the 1938 exchange rate of \$1=5.15 *pengős*, the damage caused amounts to \$4.27 billion — which represented five times the national

income of that year and 40% of the national wealth.³ The country's infrastructure was destroyed, and agricultural activity also almost came to a standstill as the armies moved through Hungary. Over 90% of all industrial plants suffered some damage and nearly all inventories disappeared. Coal mines ceased to function as nearly all were flooded because of the lack of electricity needed to pump water out. The economic situation was made even worse by Hungary's foreign and domestic debt. By September 1945 the foreign debt amounted to 890 million *pengős* plus \$578 million. In addition, to meet the reparation payments imposed after the First World War and to finance the increasing budget deficit, the Hungarian government sold more and more bonds beginning in 1931, rapidly increasing domestic debt. By the end of 1944 domestic debt was 14.2 billion *pengős*.⁴

Discussions to form a post-war Provisional Government began in Moscow, in November 1944, since Russian forces were already on Hungarian soil. Earlier, in mid-1943, the Hungarian Social Democrats formed an alliance with the Smallholders' Party, but the rapidly changing political situation rendered their program outdated by the end of the war. The Communist Party began formulating its social and economic policy for the post-war Hungary in September 1944 in Moscow. Its program was published in Debrecen on November 30th, 1944.

On December 3, 1944, the Hungarian National Independence Front was formed by the Social Democrats, Smallholders, Communists and National Peasants and Civic Democratic Party members; these were the largest legal and some illegal opposition parties. The Front accepted and republished the Communist Party's program as its own. The Front's plan for economic recovery can be grouped around four ideas:

1. Land reform; distribution of land to the peasants and the abolition of the production quota system introduced during the war.
2. Nationalization of mines and utilities, and state supervision of cartels and monopolies.
3. Balancing the state's budget and the introduction of a stable currency.
4. The extension of social welfare legislation to include health and old-age benefits to agricultural and domestic workers, payment of unemployment compensation to the unemployed and the indexation of wages to inflation rates.⁵

The Provisional Government, which took office on December 22, 1944, in Debrecen, responded to and formally declared the international agreement as specified by the Yalta "Declaration on Liberated Europe" as being "broadly representative of all democratic elements of the population." The government that was formed consisted of 2 Social Democratic Party members, 2 Smallholders' Party members, 2 Communists, 1 National Peasant Party member and 4 unaffiliated representatives.⁶ These parties were the largest anti-fascist parties.

The Provisional Government was officially voted into office by the Provisional Assembly meeting in Debrecen 27, 1944. The 230 members of the Provisional Assembly were elected in areas liberated by the Soviet Army. Of the members 71 were Communists, 55 were Smallholders, 38 were Social Democrats, 16 represented the Peasant Party, 12 represented the Civic Democrats, 19 were union representatives and 19 were unaffiliated.⁷ There is disagreement regarding the official and true affiliation of the assemblymen, but we will accept the official Hungarian data.⁸

In January 1945, the Provisional Government signed the armistice agreement with the Allies, in which it agreed to pay \$300 million in compensation within 6 years; \$200 million was to go to the Soviet Union, \$70 million to Yugoslavia and \$30 million to Czechoslovakia,⁹ and all German and Austrian property was given to the Soviets. The armistice agreement also obligated the Hungarian government to preserve German property in the condition it was on January 15, 1945. As the government could only extend its jurisdiction slowly, it simply had to assume responsibility for the damages to these properties.

Between January and April, 1945, the bank note issue of the Hungarian National Bank ceased completely, as the gold reserves of the Bank had been confiscated by the Hungarian Nazis and removed from the country. In its place the Russian Army issued significant quantities of military money, also denominated in *pengős*. State revenue collections were nonexistent, and production — both industrial and agricultural — was minimal, nevertheless the demands for food and other necessities were increasing. As a result, prices began to escalate rapidly. In addition the obligation of paying for the upkeep of the Russian Army was enormous, which also added to the inflationary pressure.¹⁰

Although the Provisional Government officially did not have an economic policy until the summer of 1945, we can safely assume, that for the first six months its policy was the same as that of the National Independence Front. This is suggested by the decrees issued by the Government.

The two decrees which affected the future history of Hungary were the ones on workers' committees and land reform. One of the first decrees passed by the government was regarding the workers' committees, which was issued on February 15, 1945. The committees were charged with restarting production in the factories and representing the interest of the workers to management. These committees were created to increase the influence of the Communist Party in the factories, as the unions were traditionally supporters of the Social Democrats.

On March 17, 1945, even before the fighting on Hungarian soil was over, the decree on land reform was passed. This decree provided for the compensation to landowners for expropriated land holdings of 142 to 1,420 acres (100 - 1,000 *hold*). None of the compensation was ever paid. For holdings of over 1,420 acres, no compensation was even promised. Over 35% of the country's territory was distributed to more than 642,000 families, creating a new land owning class.¹¹ To some this seemed radical, but even the US State Department Advisory Committee, charged with formulating US peace proposals after the

Second World War, suggested on May 1, 1944 that "electoral reform and land reform are requisites to the achievement of a democratic Hungary... a thorough-going land reform would open the way for peaceful development of social and political democracy and would eliminate the control of a reactionary minority which has in the past monopolized power..."¹²

The harvest in 1945 was a disaster, caused by bad weather, lack of seed and tools, and by the war conditions. As a result there was no surplus produce available to be delivered to the urban areas. The Russian head of the Allied Control Commission refused the food aid offered by the United Nations Relief and Rehabilitation Administration, and food rationing that was introduced during the war had to be continued and soup kitchens were also opened for the hungry.¹³ Because of the decreasing value of the currency, the economy reverted to a barter system. The state intervened by creating a Barter Office of the Ministry of Public Supply to facilitate and regulate this burgeoning barter business. To make matters worse or, according to this Ministry, to improve the supply of agricultural commodities, peasants were forced to pay all kinds of taxes in commodities. This further reduced the market supply of goods.

In the nine month period from November, 1944 to July 1945 Hungarian companies were under military management and 75% of their output was requisitioned by the Russians for their military and reconstruction.¹⁴ A typical example of the economic conditions was described by the manager of the Hungarian General Credit Bank (*Magyar Általános Hitelbank*) in a letter sent to both the Provisional Government and the Budapest National Committee on February 5, 1945. He wrote, that "on the 30th of the last month a committee of Russian officers came to our offices, forced open the steel cash registers and safes and took roughly 113 million *pengős* in cash, from larger safes they removed about 800 suitcases, and broke into about 1,400 safe-deposit boxes and took their contents.... These officers also seized stock certificates belonging to both our clients and the bank itself. These represent an additional several hundred million *pengős* in loss. The officers also confiscated typewriters, calculators and bookkeeping machines, which were essential for restarting our business."¹⁵

On the political front the situation was not much better. In this same time period the Provisional Government was reshuffled twice. In both cases the government took a decided turn to the left. The last resignations in July 1945 resulted in a Communist-Social Democratic majority in the cabinet.¹⁶

On August 27, 1945 the Hungarian government signed the Hungarian-Soviet Economic Pact. This agreement provided for the establishment of Soviet-Hungarian joint-stock companies in bauxite-mines, oil exploration, refineries, shipping and air-transport. The stocks of these firms were equally divided between Hungary and Russia. The general manager of these companies was nearly always a Soviet citizen, though their chairmen were Hungarian. These companies were exempted from paying taxes, and export and import duties.¹⁷ The Hungarian contribution to these firms was the existing assets of the firm,

while Soviet contribution came from the assets acquired through reparation payments or requisitions. The US and British governments lodged mild complaints that this pact ignored the equal treatment of the Allies, as they were not informed of this pact. The complaint stated that the Soviets came to control 50% of the Hungarian industry. But this protest was ignored.¹⁸

Based on the perceived successes of the May Day rallies, the Communist Party raised the issue of elections. Towards the end of August the cabinet discussed the timing of the elections. Since the Communists and Social Democrats were now a majority in the cabinet, their timetable won. The motion was made and passed that the elections would be held in two rounds, first to be held would be the Budapest municipal elections on October 7th, and then the national elections on November 4th. The Communists and Social Democrats felt sure that they would win in the Budapest municipal elections. These two parties thought that they had a broad-base support in the capital city, 40% of the eligible voters belonged to either the Communist or the Social Democratic Parties.¹⁹

The Nationwide National (Election) Committee (*Országos Nemzeti Bizottság*) was formed on September 17, 1945 and charged with granting permission for participation in the elections. Of the ten parties requesting authorization to participate in the Budapest municipal elections and in the national elections, seven were granted permission. The participating seven were:

1. The Smallholders' Party,
2. The Social Democratic Party,
3. The Hungarian Communist Party,
4. The Civic Democratic Party,
5. The National Peasant Party,
6. The Hungarian Radical Party, and
7. The Democratic Popular Party (the one headed by István Barankovics)

The three parties that were denied permission were Count József Pálffy's party which was also called the Democratic Popular Party (*Demokrata Néppárt*), the Traditional Democratic Party of the Intellectuals (*Értelmiségi Osztály Ősi Demokrata Pártja*) and the National Democratic Party (*Nemzeti Demokrata Párt*).²⁰ [Other sources list the Christian Women's Camp (*Keresztény Női Tábor*) as the third party not permitted to run, instead of Pálffy's Democratic Popular Party.]²¹ At the end of September Pálffy's Democratic Popular Party joined with the Civic Democratic Party.

The Party Platforms

1. The Smallholders' Party (officially called the Party of the Independent Smallholders, Agricultural Day Workers and of the Middle Class (*Független Kisgazda, Földmunkás és Polgári Párt*)) did not have a detailed platform for the fall

elections. Their platform was the previously published party program. According to the Party leaders the issues these elections will be decided on were not economic issues, but on the visions of Hungary's future. On the day of the Budapest municipal elections, the party paper summarized the Smallholders' position by saying "this election will not decide whether we need to fight against inflation, reactionary politics or the black market,... in these questions the Hungarian public has already spoken. The issues this election will determine are: what road and what ideology the Hungarian Government will take in the future."²²

It is interesting to note that this party was originally formed to represent the interest of peasants and small property holders, but did not formulate a land reform program of its own. A proposal that was considered in early 1945, but which did not get published, showed some similarities to the program of the Social Democratic Party. The proposal expressed doubt that land reform could be accomplished in the planned time frame (March 17 and October 1, 1945), and it argued that land must be worked by those who own it, also suggesting that land should never be sold, but only be inherited.²³ By the time the elections were held, this issue was moot, as land reform had been accomplished.

The central theme of the party's program was the concept of maintenance of private property and the freedom of enterprise, both in industry and in agriculture. They also spoke out against agricultural cooperatives, and did not openly discuss the nationalization of industry as suggested by the Independence Front, and they argued for a non-partisan civil service. A unique suggestion by the party was the right to strike by peasants.²⁴

The Smallholders' agenda also included the demand for a progressive income tax structure and argued against sales taxes. The party also spoke of the urgent need of establishing a socialized health care system and an old-age pension system for all.²⁵

2. The Social Democratic Party's (*Szociáldemokrata Párt*) platform was accepted at its 34th congress held in August 1945. In agriculture the party called for the importation of livestock, sale of agricultural machinery at reduced rates, the provision of cheap credit to farmers, the establishment of sugar refineries and canning factories and the extension of health care and old age benefits to agricultural workers to the same level as those of industrial workers. In industry the party called for the nationalization of mines, electric utilities, and other key industries, with special attention to the light-metal fabrication industry and for the limitation of foreign trade rights exclusively to the state or to cooperatives. To help revive the economy the party suggested that trade agreements be signed with neighbouring countries, and that all trade agreements should have a barter provision. The platform also proposed a new progressive tax system. To prevent funds from leaving the country, the Social Democrats campaigned for strict foreign exchange controls, a balanced budget and state control of privately and publicly held banks. To "prevent" the spread of discontent, it advocated the

nationalization of the radio and movie industry and proposed to subsidize publishing houses and exhibition halls.²⁶

3. The Hungarian Communist Party's (*Magyar Kommunista Párt*) official platform was published in September. The platform's cornerstone was a three year plan to develop industry, transportation and agriculture. One of the plan's point was to set maximums for — and eventually to fix — the prices of wheat and bread, as well as those of raw materials such as coal, iron ore, electricity and oil. The platform also spoke of the state being the supervisor of industrial production and of setting ceiling prices to 70% of consumer goods. The Communist Party promised low cost loans to new farmers, and the establishment of agricultural cooperatives in order to take advantage of economies of scale in production, purchasing and sales. They promised to stabilize the currency by balancing the budget and by forcing the wealthy to pay higher taxes and to give the government a one-time loan. The platform included a progressive tax system, the freezing of foreign bank accounts and wealth abroad, state monopoly of foreign trade, and the nationalization of utilities and mines. It also promised to establish a price parity between agricultural and industrial products, such as 1 pair of work boots would equal 1 metric ton of wheat.²⁷

4. The Civic Democratic Party (*Polgári Demokrata Párt*) positioned itself as the party representing the middle and lower middle classes. It sought the termination of political appointees in public service and the running of the country by decrees. It proposed that issues of universal interest be decided by referendums. The platform included the introduction of a progressive tax system to eliminate income inequality, a higher tax rate on wealth than on earned income. It also called for government control of trusts and cartels and the reduction of the role that banks traditionally played in the Hungarian economy.²⁸ For the long-run, the party advocated the introduction of a single tax system such as the one that had been advocated by the American economist Henry George (1839-1897) who in 1879 had called for a single land tax to replace all other taxes. They also proposed subsidies to establish agricultural entities and the payment of unemployment compensation to the unemployed. The party further advocated an industrial policy that emphasized industrial development outside Budapest to provide employment to rural workers. The platform also included the promise of universal health coverage and pension system, a balanced budget, a stable currency and the introduction of liberal trade policies.²⁹ This party was at a disadvantage as it did not have a nationwide party network.

5. The National Peasant Party (*Nemzeti Parasztpárt*) saw itself as the representative of the poor peasants, those who received land in 1945. It saw the land reform only as the first step toward the creation of a nation of small farmers. It promised seeds, animals and machinery, as well as long-term interest free loans to start the new farms created by land reform. The party also promised to help

organize farmers into cooperatives in order to take advantage of large scale production and purchasing.³⁰

6. The Hungarian Radical Party (*Magyar Radikális Párt*) only received permission to publish its position paper a week before the Budapest municipal elections. The party viewed itself as the party of the "working intellectuals." They announced that they did not want to "participate" in power, but only wanted to take part in the changes occurring in Hungary. They stated that they did not oppose "socialism, if socialism means a fairer social and economic system."³¹

To achieve a more equitable income distribution, the party demanded the divestiture of monopolies, elimination of tariffs, establishment of public work programs for the unemployed and seeking of foreign loans to reduce the rate of inflation. The program also spoke of the need to balance the state's budget by reducing expenditures. In order to make displaced government workers employable, the program suggested that the state pay for their retraining.³²

7. The Democratic Popular Party (*Demokrata Néppárt*) was given permission to run, but choose not to participate independently due to the lack of campaigning time and the dearth of funds. The party saw itself as the Hungarian equivalent of the Christian Democratic parties in Western Europe. Its representatives ran on the same ticket as the Smallholders.³³ The chairman of the party in his September 25th speech defined the goals of the party. He stated that while the party supported the concept of private property, it proposed "the nationalization of those industries that are for the public good". To increase agricultural productivity and fair distribution, the creation of agricultural cooperatives must be encouraged. The party would maintain the network of religious schools, and support the charitable works of religious institutions; also, churches should be compensated for their expropriated lands.³⁴

In summary, the six parties did not have significantly different platforms. They could not, as the Nationwide National (Election) Committee would not have given them permission to run, as it refused permission to other parties. The parties that were not members of the Independence Front were also disadvantaged by the short time between the announcement of the elections and the elections themselves. All parties talked of the importance of private property, privately owned means of production, the freedom of the enterprise, and private initiative, though the Communist platform subjugated these to the interests of the state. The Communists saw private firms playing a decreasing role in the economy. In addition, the largest four parties — the Social Democrats, the Communists, the Smallholders and the Civic Democrats — called for a socialized health care system and a revision of the pension system.

The Communists had the most detailed campaign platform. Also, their campaign was the best run as they were most liberally supplied with print media and means of transportation by the Russian occupation forces. Overt displays of

anti-communist agitation was restricted by both the Russian army and the Hungarian ÁVO (*Államvédelmi Osztály* — State Defense Department).³⁵

None of the parties opposed the land reform, but the Smallholders opposed the concept of cooperatives. All parties kept the nationalization program of the Independence Front, that is the need to nationalize only utilities. All the parties also called for a more equitable, and progressive tax system. Only the Social Democrats talked of the type of government they envisioned, a People's Republic. This is interesting because in an internal document prepared a year earlier by the Central Committee of the Communist Party, they called for the same thing.³⁶ Of all the parties only the Communists offered a concrete solution to the rampant inflation. The emphasis placed on balancing the budget by all parties is interesting, since the accepted budget philosophy since the 1930s was "functional finance" which in fact suggests that the government aims at neither a surplus nor a deficit but at accomplishing its goals. It is obvious that in the post-war period Hungary could not balance its budget, so the call to increase the tax burden of the rich to balance the budget was empty political rhetoric.

Both the Social Democrats and the Communist Party platforms called for state control of foreign trade, the other parties talked of liberalizing foreign trade. This was one of the areas where the platform of the Social Democrats went further than the platform of the British Labour Party, as the BLP only called for state aid to revive foreign trade. The other area where the Hungarian Social Democrats' platform was much more detailed than the British is in its provisions concerning agriculture. Here the differences between the two programs are self-explanatory, since by the end of the Second World War in England's economy agriculture played only a small role.

The campaigns were marred by violence around the country, several people were injured and a few were killed. On September 26, a few weeks before the municipal elections, the Communists and the Smallholders agreed to reduce the violence of the campaign, both in the media and at rallies. The Smallholders terminated holding rallies and opted for door-to-door campaigning.³⁷

In the Budapest municipal elections held on October 7th, 1945, the Social Democrats and the Communist Party ran on the same ticket, called the "United Workers' Front" (*Dolgozók Egységlistája*).³⁸ In spite of their expectations, they did not win. The Smallholders won by receiving 50.54% of the vote, the "United Workers' Front" received only 42.75% of the vote. The remaining votes were distributed among the Civic Democratic Party (3.83%), National Peasant Party (2.01%) and the Hungarian Radical Party (0.086%).³⁹ The Communist Party blamed its loss on the severe economic crisis, on the right-wing of the Socialist Democrats and, of course, on the anti-Soviet attitude of the middle class and the influence of the Catholic Church. The Social Democrats blamed their defeat on the United Workers' Front and on October 12th decided to run independent campaign in the national elections.⁴⁰

The Western media applauded the results of this election, but they also talked about the fear that was already gripping the country, a fear caused by rampant inflation and increasing crime in the streets. On October 9th *The New York Times* reported that a state of siege was declared in Hungary as "political unrest leads to murder and robbery."⁴¹

On October 16, Klementi Y. Voroshilov, the chairman of the Allied Control Commission and a member of the Soviet Politburo, in order to avoid a similar "disappointing" outcome, suggested that in the nationwide elections the parties run together on one list (which, of course, means that they all would have won or they would all have lost at the same time!) His suggestion also stipulated that the distribution of seats in the post-election Parliament be predetermined.⁴² The US and British members of the Allied Control Commission did not take a strong stand against this suggestion. Instead, they said that a joint list would not meet the "Yalta requirements". The Smallholders and the Social Democrats also held their ground by insisting on running independently and the Russians were forced to compromise. After several days of negotiations an agreement was reached. It was agreed that regardless of the outcome of the elections, the new government would still be a coalition government.⁴³

On October 18, the newly appointed Roman Catholic Cardinal of Hungary, Cardinal József Mindszenty, published a pastoral letter urging Catholics to vote for the Smallholders. This letter was extremely critical of everything that had happened in the country.⁴⁴ As a countermeasure against Mindszenty's pastoral letter, the communist-controlled police arrested the vice-president of the Budapest stock exchange, as well as four brokers, a foreign exchange trader and several bankers. They were accused of "causing" inflation.⁴⁵

On October 23, after the loss in the Budapest Municipal elections, the Social Democratic Party published the proposals it had made earlier to the Provisional Government to overcome the economic problems and to enhance the party's chances in the national elections. These proposals went further than the party's platform in the Budapest elections. It is the first time that the party spoke of the need to reduce the rate of inflation and the need to make work obligatory for all adults. To overcome the growing dissatisfaction among the populace, the party proposed food and clothing subsidies for those employed in industries directly involved in rebuilding the nation. Going beyond the proposals of their previous platform, the Social Democrats suggested the creation of agricultural supervisory committees. The task of these committees would be to see that those who work the land are the owners of the land. The tools the committee would have to achieve these goals would be the power to confiscate the land from those who did not work it, or from those who did not meet their production quota requirements. To achieve the goal of balancing the budget, the party proposed to index tax obligations to the inflation rate. The Social Democratic Party maintained that industry should remain in private ownership but with strict state supervision over production and distribution. This proposal also

spoke of limiting access to the media and suggested that only members of the Independence Front should be allowed to own newspapers.⁴⁶

After their victory in the Budapest elections, the Smallholders expanded on the theme of free agricultural enterprise and promised to reevaluate the claims of those peasants who either did not receive any land or received too little land.⁴⁷

In spite of the previous agreement, the Communist Party kept up its attacks on the Smallholders and the right-wing of the Social Democrats. The left-wing of the Social Democrats joined with the Communists in attacking Smallholders. These attacks intensified after the Budapest elections.⁴⁸

To counterbalance the Russian influence, to show that the US saw the elections as free and fair, and to help the non-communist parties, the Truman government recognized the Provisional Government on November 2, 1945.

On November 4th the nationwide elections were held. The result of the election was a resounding victory for the Smallholders who received 57.03% of the vote. The Social Democrats came in second with 17.41%, the Communists third with 16.95%, the National Peasant Party with 6.87%, the Civic Democratic Party with 1.62% and the Hungarian Radical Party received 0.12% of the votes.⁴⁹

It is interesting to note that the public mood at the time was in favour of nationalization, despite the fact that the party with the largest following, and the winner of the elections, the Smallholders' Party, did not endorse it. A public poll taken at the time showed the following results:⁵⁰

People were asked whether or not they favoured the nationalization of factories and banks. The answer was:

| | Factories | Banks |
|-------------------------|-----------|-------|
| Support nationalization | 67% | 75% |
| Oppose nationalization | 32% | 23% |
| Don't know/no answer | 1% | 1% |

On November 15, the Provisional Government resigned and the new cabinet was sworn in. Of the 18 cabinet posts 9 or 50% were given to Smallholders, 4 (22 %) to the Communists, 4 (22%) to the Social Democrats and 1 (6 %) to the Peasant Party. Due to the agreement before the elections, the Smallholders, the Social Democrats and the Peasant Party received fewer cabinet appointments and the Communists were given larger percentage of seats than the election results warranted. Of the 32 deputy ministry spots only 9 (28%) were assigned to the Smallholders.⁵¹

So, in spite of the electoral victory, the Smallholders did not form a government. The clever "salami tactics"⁵² used by the Communist Party during the next three years, eventually lead to the exclusion of all other parties from power and to complete one-party rule in Hungary. The appeasement policies of the two other large parties, the Smallholders and the Social Democrats, slowed this process but could not stop it.

The elections seemed free, because six parties participated, although the playing field was far from level. Other individuals and groups that to form

political parties early in 1945, but were denied permission to organize. Authorization had to be granted by both the Independence Front and the Allied Control Commission. Some of the groups that were denied permission to organize were the Coalition of Hungarian Patriots for Freedom and Freedom Party (*Magyar Hazafiak Szabadság Szövetsége és Szabadság Párt*), the Independent Popular Socialist Party (*Független Szocialista Néppárt*) and the Nation-building Peace Party (*Nemzetépítő Békepárt*). Others, such as the Hungarian Party (*Magyar Párt*), the Party of Hungarian Agricultural and Industrial Workers (*Magyar Földműves és Munkáspárt*), the Hungarian Republic Party (*Magyar Köztársaság Párt*), and the Kossuth Party were given permission to organize, but joined with the Smallholders within two months of their founding.⁵³

Not only did the Soviets aid the Communist Party directly, by providing it access to the media and transportation, they also helped the party indirectly: e.g. when the Communist Party stalwart Zoltán Vas became the Mayor of Budapest, the Russian Army gave food loans to the starving citizens of the capital — from previously requisitioned Hungarian stores. Soviet goals were made abundantly clear even before the election. When American Secretary of State James Byrnes informed Marshall of the USSR Army and Foreign Minister Vyacheslav M. Molotov, that the US “would join others in observing elections in Italy, Greece, Hungary, Romania and Bulgaria,” Stalin is reported to have responded that a “freely elected government in these countries would be anti-Soviet and that cannot be allowed.”⁵⁴ However it was the 50-50% agreement between Churchill and Stalin regarding Hungary, that made the Soviets push for less radical changes and allowed change to occur slower than in other countries.⁵⁵

The British and American governments had a hands-off policy toward Hungary. They voiced complaints against egregious disregard of previous agreements through the Allied Control Commission, but this was not going to change Russian policy. As the chair of the Allied Control Commission was a Russian, the other members needed his permission to travel in Hungary and to communicate with the cabinet. The British were the first to admit that Hungary was not important to them, when in March 1945, Sir Orme Sargent, then under-secretary and later permanent under-secretary at the British Foreign Office, stated that British policy viewed Hungary as an “issue not vital.” He foresaw that the “governments in these countries would be modeled on totalitarian lines.”⁵⁶ Actually Stalin was truly candid when he told Milovan Djilas that “This war is not as in the past; whoever occupies a territory also imposes on it his own social system. Everyone imposes his own system as far as his army can reach. It cannot be otherwise.”⁵⁷

In 1952 communist leader Mátyás Rákosi, in talking about the post-war years, bluntly summarized the aim of the Communist Party as having been the achievement of total domination in all spheres of life:

In stating our demands, we carefully weighed the probable effects of them, and whenever possible proceeded cautiously, step-by-step, so as to make it hard for the enemy to muster and mobilize all his strengths against us. We gradually increased our demands in every possible field, using provisional forms. In the banking line, for instance, we insisted at first only on state control over the banks, and only later, on nationalization of the three major banks. We proceeded in a similar way with industry, first demanding state control over the mines, then expanding our demands to the control of large machine manufacturing factories and smelting industry, and ending by their nationalization. Thus we achieved the nationalization of industry by dividing the process into four or five stages during the span of several years.⁵⁸

And, indeed, the communist takeover proceeded rapidly as soon as it became clear that the US and Britain would not interfere. Some examples of the rapid transformation of the Hungarian economy to a command economy began when in 1946 coal and bauxite mines and aluminum producers, and the five largest industrial holding companies were nationalized, while the Hungarian National Bank was placed under state supervision. The following year all banks were first placed under state supervision and then were nationalized. Political witch-hunts, arrests and incessant media campaigns left the opposition parties decimated. The 1947 elections reflected this: the once mighty Smallholders, for example, received only 15% of the vote.⁵⁹ In 1948 all companies having over 100 employees were nationalized and the stock exchange closed its doors. In the same year the Social Democratic Party and the Communist Party merged. In 1949 all companies employing over 10 workers were nationalized; and the rest is history.

The politicians who in the 1990 elections talked of their parties continuing the traditions of the parties of 1945, were actually representing parties with directly opposite economic platforms. All parties in the early '90s talked of reducing the role of the government in the economy, and of the importance of the market and of the need to privatize enterprises.

NOTES

¹Iván Pető and Sándor Szakács, *A hazai gazdaság négy évtizedének története, 1945-1985* [The history of four decades of the domestic economy, 1945-1985] (Budapest: Közgazdasági & Jogi Könyvkiadó, 1985), p. 17.

²*Ibid.*, p. 11.

³*Ibid.*, pp. 18-19.

⁴*Ibid.*, p. 24.

⁵Sándor Rákosi, ed., *A magyar kommunista párt és a szociáldemokrata párt határozatai, 1944-1945* [The resolutions of the Hungarian Communist Party and Social-Democratic Party] (Budapest: Kossuth Könyvkiadó, 1986), p. 44.

⁶István Vida, *Koalíció és pártharcok 1944-1948* [The coalition and inter-party conflicts, 1944-1948] (Budapest: Magvető Könyvkiadó, 1986), p. 44.

⁷*Ibid.*, p. 448.

⁸See Stephen Kertész, *Diplomacy in a Whirlpool* (Notre Dame: U. of Notre Dame Press, 1953), pp. 126-134 and Charles Gati, *Hungary and the Soviet Bloc* (Durham: Duke U. Press, 1986), pp. 39-41. Also in Bennett Kovrig, *Communism in Hungary, From Kun to Kádár* (Stanford: Hoover Inst. Press, 1979), pp. 160-163.

⁹Pető, p. 21.

¹⁰Richard Bányai, *The Legal and Monetary Aspects of the Hungarian Hyperinflation, 1945-1946* (Phoenix, 1971), p. 1.

¹¹Iván T. Berend and György Ránki, *The Hungarian Economy in the 20th Century* (London: Croom Helm, 1995), p. 183.

¹²Ignác Romsics, ed., *Wartime Plans for a New Hungary; Documents from the US Department of State, 1942-1944* (Highland Lakes: Atlantic Research and Publications Inc., 1992), p. 274.

¹³Kertész, p. 117

¹⁴Kovrig, p. 195.

¹⁵György Tallós, *A Magyar Általános Hitelbank 1867-1948* [The Hungarian General Credit Bank 1867-1948] (Budapest: Közgazdasági és Jogi Kiadó, 1995), pp. 363-364.

¹⁶Vida, *Koalíció*, pp. 116-120.

¹⁷Kertész, p. 162.

¹⁸"US and GB irked by USSR-Hungarian Pact," *The New York Times*, 23 Sept. 1945, p. 13, col. 1

¹⁹Sándor Balogh, *Parlamentii és pártharcok Magyarországon, 1945-47* [Conflicts in parliament and between parties in Hungary, 1945-47] (Budapest: Kossuth Könyvkiadó, 1975), p. 87.

²⁰*Ibid.*, p. 64.

²¹Lajos Izsák, *Polgári pártok és programjaik Magyarországon 1944-1956* [Bourgeois parties and their programs in Hungary 1944-1956] (Pécs: Pannónia Könyvek, 1994), p. 63.

²²István Vida, *A független kisgazdapárt politikája, 1944-1947* [Politics of the Independent Smallholders' Party, 1944-1947] (Budapest: Akadémiai Kiadó, 1976), p. 89.

²³István Vida, "A Független Kisgazda, Földmunkás és Polgári Párt 1945 eleji programtervezete" [Proposed platform of the Party of Independent Smallholders, Agricultural Day Workers and of the Middle Class] in *Párttörténeti Közlemények*, 1970. Vol.3. pp. 186-197.

²⁴Balogh, pp. 69-72.

²⁵Pető, p. 29.

²⁶Rákosi, pp. 99-118. The Social Democratic Party's platform often refers to and in some cases shows similarities to the victorious British Labour Party's program. On July 25, 1945, the Labour Party defeated Sir Winston Churchill's coalition government. The Labour Party, in order to fulfill its campaign pledges, nationalized the Bank of England, the coal mines, inland transportation, communications, electric power utilities, and insurance firms. Steps were taken to nationalize steel and iron industries, heavy progressive taxes, and to introduce socialized health care and a social security system. In the meantime, rationing continued.

²⁷*Ibid.*, pp. 153-160.

²⁸Balogh, pp. 73-74.

²⁹Izsák, pp. 217-223.

³⁰Balogh, pp. 67-68.

³¹*Ibid.*, pp. 74-75.

³²Izsák, pp. 239-243.

³³Vida, *Koalíció*, p. 124.

³⁴Izsák, pp. 232-238.

³⁵Kovrig, p. 180.

³⁶Rákosi, p. 24.

³⁷See Vida, *A független*, p. 96, and Balogh, pp. 80-83.

³⁸Kovrig, p. 179.

³⁹Kertész, p. 140.

⁴⁰Kovrig, p. 180.

⁴¹*The New York Times*, October 9, 1945.

⁴²Balogh, pp. 91-94, and Kovrig, p. 180.

⁴³Vida, *A független*, p. 109.

⁴⁴Vida, *Koalíció*, p. 140.

⁴⁵*Szabad Nép*, October 18 and 20, 1945.

⁴⁶Rákosi, pp. 166-169.

⁴⁷Vida, *A független*, p. 106.

⁴⁸Balogh, p. 85.

⁴⁹Vida, *Koalíció*, p. 140.

⁵⁰Robert Blumstock, "Public Opinion in Hungary" in *Public Opinion in European Socialist Systems*, eds. Walter D. Conner and Zvi Gittelman, (New York: Praeger Publishers, 1977), pp. 136-137.

⁵¹Vida, *Koalíció*, p. 149.

⁵²Salami tactics have been defined as the "progressive slicing up and debilitation of the organized majority." See Kovrig, p. 184. For the origin of the term see Charles Gati, *Hungary and the Soviet Bloc* (Durham, N.C.: Duke U. Press, 1986), p. 22.

⁵³Izsák, pp. 59-63.

⁵⁴Kovrig, p. 52.

⁵⁵*Ibid.*

⁵⁶Stanley Max, *The United States, Great Britain and the Sovietization of Hungary, 1945-1948* (Boulder: East European Monographs, 1985), pp. 22-23.

⁵⁷Milovan Djilas, *Conversations with Stalin* (New York: Harcourt, Brace and World, 1962), p. 114.

⁵⁸Kertész, p. 222.

⁵⁹Kovrig, p. 218.