

Why Is Success a Crime? Trials of Managers of Agricultural Cooperatives in the Hungary of the 1970's

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Historians have yet to fully analyze the Kádár era; while the earlier period of 1956-1963 and the final years before the collapse of communism in Hungary have been extensively researched, the two decades in-between — often called the Kádarian “golden era” — have received relatively little scholarly attention. I, however, have been intrigued for over ten years by a series of trials that had taken place at this time, all involving leaders of agricultural cooperatives.¹ The fact that these trials were so numerous also merits attention. According to my research thus far, over 1,000 heads of producers' cooperatives faced prosecution in the years starting with 1972, meaning that between 10 and 15% of the cooperative's leadership was affected. All this is especially surprising in light of the fact that party leaders used to value highly and praise openly the performance of the very same people only a few years earlier.

The first section of this paper inquires into the political background of this series of trials, while the second section examines the state and party institutions used by the dogmatic leaders who had gained power in 1972 to prosecute managers of agricultural cooperatives *en masse*. Finally, the third section offers an overview of these trials' main characteristics.

Struggles between the Agrarian and Heavy Industrial Lobbies

In the second half of the 1960's, Eastern and Western politicians, diplomats and tourists visiting Hungary were equally surprised by the diversity of the food supply in stores and markets. While other socialist countries, including the Soviet Union, were still struggling with a general shortage of food at the time,² Hungary was able to meet the demands of its population

in terms of quantity despite growing agricultural exports — and even had enough capacity to start meeting demands of quality as well. It was no coincidence that the Western press spoke of the Hungarian system more and more as “goulash communism”.

The rise of agricultural production was made possible by a special agreement between the government and agricultural producers in which the agricultural lobby forming around Deputy Prime Minister Lajos Fehér had a very important mediating role. This lobby convinced political leadership that significant investments in agriculture were necessary so that production from truly viable collective farms could replace the farm products that used to be produced on the private farms that had been liquidated a few years earlier.³ Another important factor was that this lobby convinced the Kádarian leadership to authorize, at least for the time being, not only initiatives from the membership that in some cases could result in deviation from the Soviet *kolkhoz* model, but also encouraged members of the cooperatives to improve the quality and quantity of production. The significance of these measures can be best understood in the context of the Kádarian re-collectivization of Hungarian agriculture after the defeat of the 1956 revolution that had caused producers’ cooperatives to become sites of passive resistance whereby the majority of members either sabotaged collective agricultural work or reduced production to a minimum.⁴ Political leadership also held an interest in eliminating the need for agricultural import as soon as possible, which pressed them to reach a compromise with the membership of the cooperatives. However, in the course of the 1960’s, these once temporary pragmatic measures had become a lasting solution, and the Act of 1967 on Producers’ Cooperatives officially legitimized these practices and even those that differed from the Soviet model but suited better local Hungarian conditions and the special interests of the members of the country’s producers’ cooperatives.

The second half of the 1960’s gave rise to a division of labour that became a permanent characteristic of the country’s socialist agricultural sector. While collective farms produced good results in field crop production and in the heavily mechanized operations, household plots became an important site of work-intensive activities (e.g. vegetable and fruit production) and the production of certain animal products such as eggs, poultry and pork. The rapidly improving performance of agriculture became profitable not only to agricultural producers, but also the entire population and even political leadership itself as the expansion of agricultural export contributed to the improvement of the balance of foreign trade.⁵

In light of the above, it may seem surprising that the beginning of the 1970's saw the emergence of a press campaign that suggested that producers' cooperatives were achieving their production results through fraud and speculation.⁶ These criticisms were first and foremost aimed at ancillary enterprises in the Hungarian countryside that developed rapidly thanks to the New Economic Mechanism of 1968. By ancillary enterprises we mean the fact that producers' cooperatives engaged in activities beyond agricultural production. For example, since the national construction industry could not meet the needs of the producers' cooperatives, these enterprises took the matter of building stables, storage facilities and other buildings necessary for collective farm production into their own hands, leading to a dynamic growth in construction activities. Agricultural collective farms had also found ways to fill the void left by the lack of small and medium enterprises in Hungarian industry. For instance, with relatively little investment, their ancillary branches managed to manufacture and thus solve the shortage of certain goods, which contributed to an improved balance of supply and demand. Other ancillary activities included the processing and selling of food, and thanks to these ancillary branches, producers' cooperatives could supply their membership with work all year round while also improving their income.⁷

Despite these outstanding results, the new press campaign focused only on the negative effects of the producers' cooperatives' work, claiming that ancillary activities distorted the development of these cooperatives and diverted the attention of their leaders and members from actual agricultural production, and that they also posed an unfair competition to industry by siphoning away its skilled labour force with promises of higher wages. This propaganda was part of a wider political struggle that would determine the fate of the reforms of 1968, and producers' cooperatives simply got caught in the crossfire between reform and anti-reform communists. To the former, producers' cooperatives were a positive and exemplary model, while the latter attempted to use them to prove the detrimental effects of the reforms.

While agriculture had become an exemplary branch of Hungary's new economic model — thanks to the flexible and successful adjustment of producers' cooperatives — heavy industrial enterprises found it difficult to adapt to reform. Agriculture and the food industry received praise not only for the improving standard of national alimentation, but also for its results in Russian *rubel* and US dollar based export; in comparison, industrial companies were under scrutiny due to the lack of modern and well-exportable products. Another criticism leveled against industrial

enterprises was that “a portion of these companies concentrated more on acquiring and maintaining national funding and benefits than on reducing the level of cost or improving productivity.”⁸

Having enjoyed a privileged position in previous decades, representatives of the country’s heavy industrial sector had found the above mentioned criticisms especially difficult to tolerate. It was a well-known fact that the concept of socialist economic development was closely intertwined with the primary role of the heavy industry, including the necessary improvement of production in defence-related industries during the Cold War.⁹ From the end of the 1940’s onwards, factory directors of this sector mostly found that national redistribution reserved a major share of investments for the heavy industry (mining, the electric energy industry, metallurgy and the mechanical industry), the result of which was a heavy industry lobby that could also lean on the ideological axiom that the leading role in building socialism was reserved for the working class. This notion was supported by the fact that tens of thousands of industrial workers were appointed to leading political, economic and social positions from 1949 onwards,¹⁰ the majority of whom also maintained good relations with the company they had previously worked for and was ready to mobilize their political clout in the service of these factories.

Members of the heavy industrial lobby included not only the heads of industrial ministries (after 1956: Ministry of Heavy Industry and Ministry of Metallurgy and Mechanical Industry) and the largest enterprises, but also the “worker cadres” who had infiltrated central or local party apparatuses or the labour unions. These functionaries were aware of the fact that both the party leadership and the party apparatchiks had a significant number of members who had reservations about — or rejected outright — the New Economic Mechanism that increased the role that the market played in Hungary’s economy. This means that they joined the ranks of the anti-reform communists out of sheer ideological rigidity and dogmatism.¹¹ However, the anti-reform stance of the heavy industrial lobby was influenced mostly by its own deteriorating economic position after 1968 due to the already mentioned difficulties of adjusting to the market.

Rezső Nyers, who is considered to be the “father of the reform” to this day, spoke of the forming anti-reform opposition as follows: “I have only heard after the fact that it might have been an organized counter-offensive, but I personally did not see it that way at the time. [...] By the way, in a fairly closed political system like ours, the “normal procedure” was not that the opposing faction openly took a stand or agitated; instead they found some aspect that could be undermined by reference to public

opinion and then pressured political leadership by means of veiled criticism and lobbying in influential circles.”¹²

The above cited quote from Nyers points to one of the most important characteristics of engaging in politics in a one-party state namely that an open confrontation of interests was impossible, leading all conflicts to manifest themselves in the ideological sphere.¹³ However, changes within such ideological axioms were indicative of a shift in political preferences as well, and two major issues may be of interest here that came to be interpreted differently during the preparation of the reforms of 1968 and resulted in greater maneuverability for producers’ cooperatives. One was the concept that state ownership was superior over other forms of ownership, a principle that had long been indisputable in a communist society.¹⁴ During the formulation of the reforms of 1968, however, it was admitted that “both state ownership and cooperative ownership are legally equal.”¹⁵ Nevertheless at the beginning of the 1970’s, a press debate began whether cooperative ownership really *was* equal to state ownership, and cooperative ownership was criticized above all for allowing household plots and the ancillary activities.

Soon the Party came to an agreement as to the hierarchy of interests in Hungarian society. According to this, individual and group (both company and cooperative) interests were subordinate to social interests (the interest of the people and the people’s economy). Furthermore, the introduction of the New Economic Mechanism went hand in hand with the notion that even socialist societies were characterized by the existence of social groups with different interests.¹⁶ Rezső Nyers characterized this change at the fall, 1966 session of the Central Committee as follows:

In socialism [...] we acknowledge personal interests in certain areas. Collective interest, however, belongs with the agricultural producers’ cooperatives, crafts and trades and retail sale, where economic activity is such that group interest rightfully dominates since they provide the tools and use them to aid the public interest. For example, at the Csepel Factory at Ózd [...], the interests of the whole society are dominant; therefore, ownership must also be public. But just as it would be inconsistent socialism to turn [the Csepel Factory] into a cooperative, it would equally be inconsistent socialism to nationalize small enterprises. To use a popular phrase in Pest, we might lose our pants in the deal and I am sure that cannot be in the interest of the people.¹⁷

As we can see, the reform process had made group interest become “acceptable”. However, from the beginning of the 1970’s, the superiority

of social interests had once again received greater emphasis along with the view that individual and group interests must be opposed when they are interpreted to be detrimental to the community or the State. The following example pertains to one of the early schemes of anti-reform communists. In the first half of 1970, the Labour Union of Iron, Metal and Electric Energy Industrial Workers conducted a joint inquiry with the Ministry of Metallurgy and Mechanical Industry's investigation department of the ancillary activities of agricultural producers' cooperatives in the Budapest region, and then sent a summarizing report to the highest economic policy body of the Party, the Economic Policy Committee, that operates alongside the Central Committee. The report called attention to the problem of producers' cooperatives paying their industrial workers such high premiums and other bonuses that, combined with basic wages, their incomes had significantly exceeded the hourly wages paid at state companies for the same work. According to the report's authors, this practice on the one hand produced an unreasonable disproportion of income between cooperatives and industrial companies, and on the other hand, the higher wages allowed producers' cooperatives to "lure away" industrial workers from the state sector. The report concluded:

The labour force draining effect arising from the introduction of the ancillary activities at cooperatives had long been a topic of discussion in our companies. This problem was also on the agenda of the meeting between the leaders of our Labour Union and the comrade Minister of Metallurgy and Mechanical Industry. Furthermore, this issue also surfaced at the ministerial meeting on the Soviet and Hungarian trade..., where it was stated that this large-scale labour-force draining effect of the cooperatives is detrimental to companies trying to meet the same trade demands.¹⁸

In 1971 the above-mentioned schemes eventually resulted in the Party's Political Committee of the Hungarian Socialist Workers' Party becoming aware of the issues that had negative effects on the reforms. On March 9 of that year, the Committee discussed the report entitled "The Extent, Direction and Causes of Labour Force Movement, Restriction of Undesirable Labour Force Migration and Necessary Measures to Ensure Service Recognition."¹⁹ Within half a year, the non-agricultural activities of the producers' cooperatives were also brought to the Political Committee's attention. As a result, an important decision was born to significantly restrict the scope of such activities.²⁰

At the same time the Polish economic crisis and increasing criticism from Moscow of reforms in Hungary made the Kádarian leadership

more susceptible to the idea of restricting the cooperatives' scope of activities.²¹ Kádár himself summarized the situation to Hungarian leadership as follows:

I wish to state — though far from me to be superstitious — that the events in Poland must be taken seriously. As cruel as it may sound, [...] disregarding [them] would be a grave mistake. [...] the comrades preparing these economic regulations must carefully consider what direction we should take and what would be sustainable over ten years so we would not have to undo anything. I'm not saying that we are in the same situation as Poland but what happened there should tell us something.²²

The Polish economic crisis received much attention at the Fourteenth Congress of the Communist Party of the Soviet Union in the spring of 1971. It was no coincidence that a few weeks later, at a labour union congress held in Budapest, chief secretary Sándor Gáspár stated that the social role of labour unions was to call attention to the conflict of interests in order to prevent social conflict. He also made it clear where the greatest tension lay in Hungary by saying, "in the past few years, it has been precisely in the most important field of the socialist system, the state industry, where the wages of physical labourers increased the slowest." Gáspár also stated that workers in "large industrial enterprises must receive greater attention and measures must be taken to improve their living standards and working conditions."²³

The year 1972 began with increasing Soviet criticism from higher and higher levels of power. In February Kádár related the outcome of his meeting with Soviet leader Leonid Brezhnev at Zavidovo to the Political Committee as follows:

At one stage of our negotiations, comrade Brezhnev talked separately and at great length — and stating [...] that this was his own personal opinion — of how much he was worried about some of the negative indicators of Hungary's economic situation and about certain phenomena that he regarded as very dangerous tendencies. [...] [He and his associates] perceived a process that [...] in Hungary, an increasing amount of assets and good labour force are slowly leaving the highly important state sector to join the more flexible collective and private sectors. Income relations are changing in a way that allows a relatively small part of the population to experience a rapid increase of income while significant working masses do not, or do so at very negligible rates. Prices are also increasing and certain consumer goods are now only available for those of higher incomes, causing workers to become discontent, which in time may incite serious

social or political tension. [...] Generally speaking, central authorities including the Government should manage processes and the necessary resources more effectively to reverse undesirable tendencies.²⁴

Within the Hungarian Party leadership the most important spokesmen of the anti-reform faction were the following: Central Committee Administrative Secretary Béla Biszku, Central Committee Foreign Affairs Secretary Zoltán Komócsin, and Central Committee Ideological Secretary (and later, Party Organization Secretary) Árpád Pullai. Using the external political pressure exerted primarily by Moscow but also by the leaders of the German Democratic Republic, Czechoslovakia and Bulgaria to their advantage, at its meeting of November 14-15, 1972, this group succeeded in convincing the Central Committee of the Hungarian Socialist Workers' Party to shut down the New Economic Mechanism.²⁵ The decisions made at this session, especially that of increasing the wages of industrial workers and implementing beneficial measures for the fifty largest industrial companies clearly show that the balance of power had shifted in favour of the anti-reform communists; however, they had yet to relieve pro-reform politicians (such as Central Committee Economic Political Secretary Rezső Nyers, Deputy Prime Minister Lajos Fehér in charge of agriculture or Prime Minister Jenő Fock) from their positions at this time. First Secretary of the Party János Kádár discussed this possibility at the Central Committee's session, saying that "We said that the Party and the State do not need to dispose of these people even if they have made mistakes; what they need is for us to clearly establish what had gone right and well during [the reform's] implementation, where our current difficulties lie and where we had failed to accomplish our tasks."²⁶

Socialist Legality in Theory and Practice

In the few years following the decision of November 14-15, 1972, anti-reform communists attempted to force the removal of pro-reform politicians. Simultaneously, they also attempted to control and intimidate those local functionaries, primarily the managers of producers' cooperatives, who were faithful supporters of the New Economic Mechanism.²⁷

The key to exploring and understanding the above-mentioned process was a secretly operating and highly influential political body called the Coordination Committee. Contemporaries hardly knew anything about this body and its documentation has only surfaced a few years ago

thanks to the thorough researches of Béla Révész. The members of the Coordination Committee included the Administrative Secretary of the Central Committee, the Head of the Executive and Administrative Department of the Ministries of the Interior, Justice, the Attorney General and the President of the Supreme Court. In the first half of the 1970's this body was lead by Administrative Secretary Béla Biszku and the members, in order of the positions listed, were the following: János Borbándi, András Benkei, Mihály Korom, Géza Szénási and Ödön Szakács.²⁸

János Kádár summarized this body's scope of activities as follows:

This Committee shall preside over any and all penal policy issues or concrete criminal cases where there is uncertainty or a difference of opinion between the leaders of the involved authorities. The Committee cannot issue regulations and cannot be referenced in any executive processes. If no agreement is reached, the members of the Committee must turn to the First Secretary of the Central Committee, to the Secretariat or the Political Committee for further instructions.²⁹

Concerning the trials of the cooperatives' managers, we first need to examine the resolution of the Coordination Committee of June 26, 1972, which was the result of joint efforts of the Ministry of Justice, the Ministry of the Interior, the Attorney General's Office, the Supreme Court and the Central People's Inspection Committee. The Committee's resolution called for a determination which areas of economic policy allowed the emergence of offensive practices in the agricultural sector that had thus far received insufficient legal regulation.³⁰ The Committee came to the conclusion that the greatest lack of regulation concerned private craftsmanship, private trade and the producers' cooperatives. Although the modified Criminal Code that entered into force on January 1, 1972 issued more severe penalties for economic offenses, the Committee was of the opinion that the new regulations did not guarantee the consistent accountability of the producers' cooperatives.³¹ As the following examples will show, political expectations often clashed with the administration of justice.

During the years 1971-1972 dozens of criminal procedures were initiated against heads of producers' cooperatives with charges of "breach of storage" of produce contract. It was a common practice at the time for producers' cooperatives to sell, during the months of November and December, their complete stock of corn harvested so that they could have enough cash to pay their members by the time of the customary year-end accounting. This proved to be a good solution because they knew that the companies that had no storage facilities would sign a storage contract with

them, and when the company required the produce as per their contract, the producers' cooperative would deliver it. In the event that a producers' cooperative used some of the stored stock, it made up for this either by purchasing the missing quantity on the free market or paid the purchaser compensation in cash at the current price of the missing crop. Consequently, companies purchasing produce from cooperatives never incurred any losses and even made a profit when crop prices increased over time, so this was a general and rational practice that courts acknowledged and thus often acquitted the managers of the cooperatives charged with a "breach of storage" contract. Courts were also inconsistent in their treatment of offenses involving forgery of year-end statutory accounting since they knew that in the majority of cases, producers' cooperatives listed sources of income or assets that would only be realized later to achieve a positive balance, which then enabled them to issue premiums. This was considered a property offense by law authorities, but courts usually classified it as an offense against economic management regulations and issued small penalties to those convicted of such mal-practices.

Just like in the cases mentioned above, differences arising in the courts' decisions were also striking in the case of economic mismanagement, more precisely, profligate use of resources.³² In the interpretation of criminal law, workers entitled to make decisions on their own were found guilty of economic mismanagement if they severely or frequently failed to comply with the requirements of rational management, resulting in a significant economic disadvantage for the enterprises they worked for. However, the modified Criminal Code did not have a clear definition of what constituted "rational management" or "significant economic disadvantage". The special case of "irresponsible indebtedness" was no less flexibly defined. This offense was established when financial liabilities significantly exceeded available financial assets and the significant risk of irresponsible indebtedness was directly violating or endangering the interests of companies, other state agencies, and ultimately, the people's (i.e. the national) economy.³³

Experiences of the years 1971-1972 had shown that the majority of courts did not react to certain offenses properly in the eyes of dogmatic members of the country's leadership. To use a contemporary phrase, there were great differences in terms of interpreting "socialist legality". In his explanation of this phenomenon, György Péteri calls our attention to the following:

[...] important segments of the party-state apparatuses not only refused to buy into, but also offered resistance to, the anti-capitalist demagogy of the

leftists. Significantly, this resistance manifested itself not only in such sectors of the party-state apparatuses that were directly involved in economic management, but also in such domains where the conservative left had traditionally prevailed: as the apparatuses of prosecution and judiciary or, even, the Administrative Department of the Central Committee.³⁴

The Coordination Committee considered two different ways of dealing with what it saw as “economic offenses.” On the one hand, it prepared a document that contained all areas requiring legal regulation, including the authorization and wages of part-time employment, accounting for any state funding taken by producers’ cooperatives, as well as defining the concept of dishonest and unjustified acquisition of profit. On the other hand, they declared that the judicial guidelines of 1963 were no longer applicable in view of recent changes to the country’s economic regime and suggested that new policies be devised as soon as possible.³⁵ Early in 1973 a document outlining the new regulations was finalized by the Coordination Committee itself. Among the most significant but unresolved issues of applicability, the Committee listed as the top priority the coordination of social, group and individual interests and the resolution of all emerging conflicts. The Committee clearly pointed to the economic sector where in its opinion this problem was most acute, and accordingly, urged more severe measures in the monitoring of producers’ cooperatives.³⁶

The Coordination Committee’s resolution allowed a frontal assault on producers’ cooperatives: after all there could be no doubt that there was some degree of infringement of economic regulations in the cooperatives — as well as in other branches of the economy. However, criminal procedures in the non-agrarian sector remained the same as before while the full weight of the law was applied to the producers’ cooperatives. In the first half of 1973 the Attorney General’s Office required all principal public prosecutor’s offices — as well as their appointed municipal and district prosecutor’s offices — to revise all regulations applicable to agricultural producers’ cooperatives. Considering “the significant economic-political character of the examined issue,” investigations were conducted at 606 producers’ cooperatives, more than one-fourth of all the producers’ cooperatives in the country.³⁷ At the insistence of the Coordination Committee, “social authorities” were also heavily involved, and in 1973, investigations conducted by the co-called People’s Inspection Committees affected 788 agricultural cooperatives or one-third of all collective farms in the country.³⁸

It may be of interest to provide a short explanation of People's Inspection Committees (hereafter PIC), since this organization has not received much attention yet in Hungarian research concerning the Kádár era. PIC was established in 1957 in order to assist state authorities in "enforcing state and citizen discipline and to protect the property of the people and expose any infringements thereof."³⁹ This organization had only a limited independent (paid) apparatus and the majority of its inspectors were active in "social work", meaning that they received a paid holiday as compensation for their work and received no other benefits. Following an inspection, People's Inspection Committee could initiate disciplinary or other compensation measures, while in more severe cases, they were required to report the offense to the proper authority, the police or the public prosecutor. People's Inspection Committees operated on the municipal and county levels as well, and they were all overseen by the Central People's Inspection Committee, which nominally answered to the government but was actually subordinate to the Party leadership. The merging of legislative, executive and judicial powers was also evident in the fact that the Attorney General always attended every session of the Central People's Inspection Committee while district People's Inspection Committee sessions were attended by the principal public prosecutors of the district in question.⁴⁰

Following the economic reform of 1968, producers' cooperatives posed a huge challenge to People's Inspection Committees, these being the only bodies that were permitted to inspect the economic activities of the cooperatives. This situation was a result of the Act of 1967 on Producers' Cooperatives that had given cooperatives even greater autonomy than before. Afterwards, the state supervision of cooperatives had become fundamentally different from that of state companies since the state was also the legal owner of these companies, while in the case of cooperatives, the state merely held a legal supervisory role by way of local councils, financial institutions and so on.⁴¹

As mentioned previously, the Central People's Inspection Committee nominally answered to the government, but in reality received its tasks from Party leadership as shown by the fact that the basic principles for formulating the action plan of 1973 came from the above mentioned November Resolution of the Central Committee of the Hungarian Socialist Workers' Party. It comes as no surprise then that this factor had become the key motif in the end-year report of 1973:

Based on the November 1972 Resolution of the Central Committee of the Hungarian Socialist Workers' Party, the public activities of workers had

increased and they had taken a more determined stance against those who violate public honesty, the principles of socialist economic management and socialist morals. Whistle-blowing against unreasonably increased prices, declining quality, faulty invoices and large storage surpluses possibly accumulated to the detriment of the population, in order to protect the interests of the population against offenders of cooperative democracy, has increased to a higher than average level.⁴²

It was under these circumstances that the anti-reform communists presented a case to Party leadership that attempted to compromise reform communists, including the heads of the agricultural lobby, using the economic mismanagement and illegal foreign trade activities exposed at the Agricultural Machinery and Spare Parts Marketing Company (Mezőgazdasági Gép- és Alkatrész-kereskedelmi Vállalat, henceforth: MEGÉV) as an excuse.⁴³ At the beginning of September, Béla Biszku informed János Kádár that both Lajos Fehér and Rezső Nyers had intervened in the police investigation launched against the directors of MEGÉV and exerted pressure in order to close the case.

György Péteri analyzed the processes of this case in extensive detail and concluded that the core of the MEGÉV-affair

was a political conflict between the reform communist and conservative leftist networks within the top party-state leadership. This conflict took by mid-October 1973 a turn highly unfavorable for the reform communists: the strong man of the conservative left, Béla Biszku, managed to bring János Kádár into the conflict as the supreme arbiter by accusing the leaders of the reform communist network of having tried to hush up the affairs of the MEGÉV, thereby exploiting in an illegitimate manner their power positions and violating the norms and rules of due process.⁴⁴

On November 13, at the initiative of János Kádár, the Political Committee held a session where the Committee had established the personal responsibility of Lajos Fehér and Rezső Nyers as well as passed a resolution in defense of socialist legality. This resolution became a recurring point of reference in future trials against the managers of the producers' cooperatives; therefore, it may be important to cite its most significant points.

1. Economic usefulness does not exempt individuals from the obligation of observing and reinforcing the state laws and regulations currently in effect, nor does it exempt individuals from the legal consequences of committing an offense against these laws and regulations.

2. The offense of public corruption — as clearly stated by law — is punishable by removal from office in all cases, whether the objective of the perpetrator is the acquisition of “private profit” or to acquire undue advantage for the target group (company, etc.). [...]

5. To ensure socialist legitimacy, the Minister of the Interior, the Minister of Justice, the Attorney General, the President of the Supreme Court and all other party and state functionaries are obliged to present all disputes and cases requiring special consideration to the Coordination Committee at the Headquarters of the Party. The Interested Parties may turn to the Secretariat of the Central Committee or the Political Committee in the event of disagreement with the resolution of the Coordination Committee.⁴⁵

The resolution quoted above was only issued to members of the Coordination Committee, but this was enough to turn its principles into guidelines for the entire law enforcement, prosecution and court apparatus.⁴⁶ At the beginning of 1974, the Coordination Committee also discussed the issue of year-end statutory accounting fraud by producers' cooperatives where they expected the above mentioned regulations to be most felt. Before the end of the year, the Coordination Committee evaluated the exposure of cooperative offenses. Another issue that had surfaced by this time was the complicity in these matters of the Ministry of Agriculture and Food Industry as supervisory body of the cooperatives — as well as the Ministry's publicity organization, the National Council of Producers' Cooperatives.

The supervision of irregular and illegal forms of economic management would be the task of the governing bodies. The Ministry of Agriculture and Food Industry and the National Council of Producers' Cooperatives [...] tolerate or in some cases, even ‘encourage’ heads of producers' cooperatives by passive silence to improve their economic performance at any cost, even to the detriment of the greater social interest. [...] These factors combined have ensured that despite the existence of supervisory bodies, their superficial inspections contributed to the numerous cases of mismanagement in cooperative economic practices.⁴⁷

The direct criticism of the heads of the Ministry and its publicity organ became possible due to the dismissal from their posts of two of their most influential supporters: Central Committee Secretary Rezső Nyers and Deputy Prime Minister Lajos Fehér had been relieved from their posts by the Central Committee in March, 1974. In 1975, further changes occurred during the Congress of the Party, including the departure of Minister of

Agriculture and Food Industry Imre Dimény, which further weakened the country's agricultural lobby.⁴⁸

The Trials' Characteristics

The “beheading” of the agricultural lobby created an opportunity for the opponents of reform to also exert pressure on the lobby's local representatives, which invites the question of what sort of role did state security agencies play in these cases? Thus far my researches show that their participation in the trials of the cooperatives' managers was rare, both in the preparatory stage and during the investigation itself.⁴⁹ One important factor was that after the large-scale reorganization of the Ministry of the Interior in 1962, in the words of István Papp, “we cannot speak of agricultural sabotage prevention or even agricultural prevention. The protection of producers' cooperatives became synonymous with the protection of public ownership and [was] considered more and more as a task of preserving public order by interior state bodies.”⁵⁰ As a result the prosecutions of the majority of agricultural economic organizations and institutions were relegated to police agencies in charge of protecting public ownership.⁵¹ As a result of producers' cooperatives having gained greater independence after 1967, the police could only inspect a cooperative if there was a well-founded suspicion of criminal activity, which meant that the role of the taking initiative in these matters — as mentioned before — rested with the People's Inspection Committees. It appears that from 1973 on, following the targeted reviews involving entire districts and counties, People's Inspection Committees started concentrating on cooperatives that either did not pass inspection or were not allowed to pass inspection.⁵² There was also a clear tendency from the beginning of the 1970's where a growing portion of inspection procedures ended in filing reports against the cooperative, and over two-thirds of these reports led to criminal charges.⁵³

In practice, trials against the heads of producers' cooperatives could be typically based on the issues investigated by People's Inspection Committees. For example, common themes were ancillary branch mismanagement, illegal or inappropriate use of state funding and breach of storage contract, but there were also cases of final accounts fraud, forgery of documents and bribery. By 1974, the registered cases involving producers' cooperatives became more numerous than ever. (This number kept rising until 1975 and then dropped significantly afterwards.)⁵⁴

The 1974 report of the Central People's Inspection Committee contains the following data on the improving efficiency of inspections:

In the year of 1974, we concluded a total of 141 criminal procedures including remaining cases from the previous year. Of these cases, 48 were concluded with a court sentence, 29 cases have a charge sheet but the court has not yet issued a sentence; in 30 cases, the investigating authorities established that there had been an offense, but used different methods of accountability due to the low risk that the offense or the perpetrator poses to society, and in 34 cases, investigation was closed due to the lack of evidence. In 1974, 36 reported cases will extend into 1975 due to prolonged investigations.⁵⁵

If we were to summarize what sort of producers' cooperatives faced trial in court, we would find that the majority of them were productive, sometimes nationally renowned cooperatives that used the possibilities afforded by the New Economic Mechanism to their advantage and their managers were daring entrepreneurs who were open to the new opportunities afforded by NEM.

Within the social group of economic leaders, the managers of producers' cooperatives constituted a special group that was elected to their positions (after 1967, by secret vote no less!) instead of being appointed like the directors of state companies, which means that the leaders of producers' cooperatives had to be approved not only by district and county party leaders, but also by the membership of their cooperative. This of course often resulted in conflict, especially when a manager went against local political leadership to represent the interests of the cooperative's membership. At the beginning of the 1970's, at the time when the anti-reformist faction of the Party launched its anti-cooperative offensive, many local party leaders felt that the time for retaliation against the local supporters of reform was at hand; in other words, local factors also contributed to the number of criminal procedures issued against heads of producers' cooperatives. For example, there were districts where the local party secretary initiated more "manager-trials" than the whole of the county combined.⁵⁶ This also explains why there were still locally initiated cases in the second half of the 1970's despite the fact that national policy on the matter had changed by that time.

Besides the managers of producers' cooperatives, other experts (lead agronomists and chief accountants) were also tried, as were regular members of producers' cooperatives, while another special group under prosecution comprised of local council, bank and state authority employ-

ees connected to producers' cooperatives who were mostly involved in cases of bribery. It was no surprise then that a common characteristic of the trials was the high number of defendants. We know of trials where there were 19 defendants in total, and witnesses were also numerous as shown by cases where 120 witnesses had been interrogated.⁵⁷

Of those tried, some were found innocent, but there were also some who had indeed been guilty of economic mismanagement. Nevertheless, even in the case of the latter, there were certain characteristics of the procedure, especially the stages of investigation, prosecution and trial that lent the air of a show trial to these cases.

One striking characteristic was that all trials contained the same charges, primarily of offense against public ownership (high-damage offenses, embezzlement, theft, misappropriation and negligence), and in the case of economic leaders, these offenses were considered especially severe in accordance with the modified Criminal Code.⁵⁸ Furthermore, having extended reporting obligations to all of these offenses made charging these people incredibly easy. All the courts needed was the confession of a member or employee of the producers' cooperative that the manager of the cooperative had known about the offense in question, and if they had not complied with their reporting obligation, they became accomplices by default.

Reconstructing the procedures from investigation documents, it appears that such incriminating statements were mostly made by members of producers' cooperatives during the pre-trial investigation. It is clear from the interviews that the police did not use physical violence to persuade people to give false confessions. Some of the accused were threatened to be kept in pre-trial detention unless they made an incriminating confession or were given promises to be released to go home to their family after they confessed. Coercing them by saying that "the others had already admitted to everything" was also an effective tactic. In many cases, charges were extended to the managers of producers' cooperatives based on these unfairly obtained, incriminating confessions. However, it is important to note that such false confessions were often retracted during the trials.

In the case of economic mismanagement and misappropriation, there was no need of involving members of the producers' cooperatives since only managers were in position to commit such offenses. However, pre-trial detention played a significant role regardless, with cases where people were held in pre-trial detention for 18 months or even for a few years due to reasoning that the severe risk these offenses posed to society

and the expected severity of the sentence may cause the defendant to escape or go into hiding. However, since these cases concerned well-known or even nationally renowned managers of producers' cooperatives, it is probable that the main reason for this practice was not to prevent escape; it is more like that the prosecutors expected the defendants to break down due to prolonged detention, isolation and emotional stress and make a confession, thus facilitating the work of law enforcement bodies.

The atmosphere of pre-trial detention was described by the president of the Rozmaring Producers' Cooperative, a cooperative famous for flower growing in the vicinity of Budapest, as follows:

But to get back to the interrogations, they could certainly keep people under pressure. An actual criminal would have laughed it all off, but I was in a different situation. As soon as they dictated what they thought was important, they gave it to me to sign, and to be frank, I didn't even read it. They did not harm me physically, but that feeling of helplessness [...] that atmosphere cannot be described. They learned how to create that atmosphere very well. If I called those policemen uncivilized, it would be slander since they had never hurt me [...] But the atmosphere they created could not be described in words. It would have easily broken someone more nervous and inexperienced than I am [...]⁵⁹

The long waiting period between the arrests and the court proceedings can be explained by the prolonged preparation of charge sheets. Charges were formulated based on predetermined assumptions, usually the concept that a rapid improvement of the cooperative's economic situation could not have possibly happened by "legal means". The author of a contemporary sociography accurately described the dominating political climate as follows: "If a cooperative produced bad results, they were suspicious, but if they produced good results, they were even more suspicious."⁶⁰ This preconception made the formulation of the charge quite easy, but gathering evidence was a considerably slower process, which is why the prosecutors attempted to force confessions out of the defendants. The means they used during investigation to achieve this were mentioned by several managers of producers' cooperatives in interviews. Some were being persuaded to confess by their appointed defense lawyers, while others were pressed by undercover cellmates.

I have found several recurring infringements committed by law enforcement agencies during not only the investigation but also the trial, such as the relative scarcity of exonerating witnesses. However, what was more significant was that, as we have discussed previously, the modified

Criminal Code established several means of intervention that ensured political influence by allowing for subjectivity in court.

One of the earliest trials is a good example of how political policies were enforced. Based on inspections of several producers' cooperatives by the People's Inspection Committee, a report was filed against the managers of these cooperatives. The resulting charge sheet that took almost a year to prepare read like a "dream-book" containing every possible economic offense even remotely relating to the activities of these cooperatives. First, they charged some managers with bribery, saying that they paid bribes to receive missing tractor components in time without having to wait in queue, or in another case, used bribery to speed up the repair of the cooperative's autobus. Whoever knows how a "shortage economy" works would realize that this sort of practice was common everywhere else as well in contemporary Hungary — and that paying bribes to suppliers was also common in higher-tier socialist industrial companies. The second major accusation was accounting fraud, where heads of the producers' cooperatives "filled" the balance sheets of 1970 to be able to pay the promised premiums to their members. According to the charges, the managers of the cooperatives neglected circulating capital and development capital funds just to be able to raise the incomes of their members. Still another significant charge was that the producers' cooperative had breached its contract with the Grain Purchasing Company. During the storage period of grains at the cooperative, circumstances were such that the local people had used up part of the stored grain, and when they were to hand over the grain to the Grain Purchasing Company, they bought the missing portion from elsewhere, which means that the Purchasing Company incurred no damage and the producers' cooperative effectively complied with its obligations set forth in the contract. This was such a standard practice that not even courts of first instance regarded it as fraud.⁶¹ The case was prolonged and the first sentence was issued on September 21, 1973, and the court considered the fact that the defendants mostly acted to protect the interests of the cooperative's membership rather than their own interests as an alleviating circumstance.

This case took an interesting turn during the process of appeal. Since the court of first instance was not aware of changing political expectations, the Attorney General made some necessary corrections to the appeal. "The county court had therefore made an error when it evaluated the idea that the defendants committed these offenses in favour of the interests of the membership of the producers' cooperative as an alleviating circumstance. Such an interpretation of the activities of the defendants is

wrong not only in terms of legal policy, but also in terms of economic policy, since the foregrounding of group interest by dishonest means is not an isolated phenomenon.”⁶² The Attorney General’s argumentation was not without consequences, which is shown by the following excerpt from the sentence issued by the Supreme Court:

During their activities, the first, second and third defendants attempted to secure unlawful advantages for the producers’ cooperative by means that are unacceptable in the socialist economic system [...] Serving the alleged or momentary interests of the producers’ cooperative to the detriment of the people’s economy and misleading governing and supervisory bodies are offenses that are extremely dangerous to society even when the perpetrators were not led first and foremost by selfish financial interest, such as in this particular case.⁶³

It is also shocking that the above quoted argumentation and “lashing out against group interest” was still included in court sentence explanations as late as the middle of the 1970’s: “The offense was therefore not committed for direct personal gain, but to serve the members and the cooperative in question at all costs, and to maintain the good reputation of the cooperative at all costs.”⁶⁴

In counties and districts where Party leadership was dogmatic, the standard practice was to issue severe several-year sentences for first offenders, with some sentences amounting to over 10 years. During appeal processes, the Supreme Court — especially after the political climate had changed in 1976 — was ready to significantly reduce the sentences issued by the lower courts. There were also cases where the defendants had already served the sentences issued by the Supreme Court in pre-trial detention.

No analysis of the “show trial” nature of the trials of the cooperative farm managers can ignore the role of the press. The anti-cooperative campaign can be well traced in contemporary press and the public pronouncements of leading politicians. As part of the campaign, several managers of producers’ cooperatives had been publicly denigrated long before their guilt had even been proven. Besides national newspapers (such as *Népszabadság* [Freedom of the People], *Népszava* [Voice of the People] and *Esti Hírlap* [Evening News]), county newspapers also slandered the heads of producers’ cooperatives. Of the countless possible examples, I only wish to quote one particularly characteristic article.

Some employees of the producers' cooperative [...] had warned the president several times that if he continued to manage the cooperative in such a way, he would end up in court. President A.K., however, did not believe them and said that 'excessive administration and strict order would weaken the efficiency of professional management.' It is now obvious that within the producers' cooperative, bribery was one of the most important ways of ensuring efficiency and ensured a flourishing enterprise of this criminal cooperative for a long time. The heads of the producers' cooperative, who according to the charge sheet, had incurred almost 1 million HUF of damage to the people's economy, are now awaiting their trial in pre-trial detention.⁶⁵

To add one more note to this particular case, this trial actually ended with the acquittal of the accused.

Those heads of producers' cooperatives who were members of the Hungarian Socialist Workers' Party were held accountable long after they had received an effective court sentence. They were forced to account for their offenses in front of the Party, even when they were proven innocent by the courts because, according to Party logic, they were still morally responsible. Party disciplining was managed by a separate party organ called the Central Inspection Committee [Központi Ellenőrző Bizottság], about whose activities information remains scarce in scholarly circles.

Conclusions

Simultaneously with the series of trials against the heads of producers' cooperatives, these cooperatives also faced several economic constraints (such as increased taxes, decreased investments, etc.) as well as administrative restrictions. The negative effects of these measures manifested themselves quickly, primarily in the food supplies of urban populations, which forced Kádarian leadership, so scrupulously observing their political promises of higher living standards, to relieve some of the pressure on producers' cooperatives. The global energy crisis of 1973 resulting from the drastic increase in oil prices also aided this process despite its delayed effects, since the capacity of the agricultural sector to generate foreign currency revenue became more necessary than ever.⁶⁶

It was of symbolic importance that in 1976, János Kádár attended the Congress of Agricultural Producers' Cooperatives for the first time.⁶⁷ Instead of self-criticism, the First Secretary of the Party spoke of praise and mentioned two areas of cooperative economic management that had

previously been under such heavy attack. He also acknowledged that household plots had a significant role in supplying the country's population with food — and then continued to say: "We have to be more consistent in our efforts to form an integral unit of collective and household farming within the agricultural producers' cooperatives."⁶⁸ Speaking of cooperative ancillary branches, János Kádár emphasized that the Party and the Government approved of and supported any and all attempts that were closely tied to the activities of producers' cooperatives, such as repairing machinery in their own workshops, supplying their own construction work and especially of processing their own crops and produce.⁶⁹

The new re-valuation of the agricultural sector and the producers' cooperatives is evident in the March 15, 1978, session of the Central Committee that was entirely devoted to issues of agricultural policy. This session was also special due to the speech given by Lajos Fehér, who had been removed in 1974 but retained his membership in the Central Committee. Therefore, this paper shall end with an excerpt of his dramatic speech: "[...] in the past five, six years, there had been a veritable criminal prosecution campaign against cooperatives. There were several articles in our newspapers that gave the impression of cooperatives becoming a hotbed for economic offense and mismanagement."⁷⁰ Citing statistics, he then spoke of how, within the whole economy, the ratio of offenses against public ownership was 20% between 1968-1975, while within producers' cooperatives, it amounted to a mere 11%,⁷¹ and added that the offenses committed to the detriment of producers' cooperatives were caused in three-fourth of all cases by outsiders (such as business agents) rather than members. At the end of his speech, Lajos Fehér suggested that the Central Committee establish a separate committee to investigate who had been responsible for the campaign against the cooperatives — and that the Committee initiate the rehabilitation of heads of the producers' cooperatives unjustly slandered in the trials.

The Party leadership failed to practice self-criticism; therefore the committee called for by Lajos Fehér was not established. Nobody had examined just how much financial damage the campaign against the producers' cooperatives had done to the national economy — or how much anguish and moral damage the torturous show trials had caused to the cooperatives' managers and their families, in fact to the entire cooperative sector itself. Accordingly, there was no rehabilitation of the campaign's victims either.

NOTES

¹ In Hungarian these units of agricultural production in the communist era were usually referred to as *mezőgazdasági termelőszövetkezetek*. In English-language literature they are variously called “producers’ cooperatives” “agricultural cooperatives” “collective farms” “Hungarian *kolkhozes*” or simply “cooperatives”. The CEO (chief executive officer) of a cooperative was called an “*elnök*” in Hungarian whose literal translation is “president”. In this essay I most often use “agricultural cooperative” and “manager” respectively for these terms in order to be in harmony with literature on the subject in English-speaking countries. See for example Mark Pittaway, *Eastern Europe, 1939-2000* (London: Arnold, 2004), 63-64, 70-72, 99-103.

² Igor Stebelsky, “Food Consumption Patterns in the Soviet Union,” in *Socialist Agriculture in Transition. Organizational Response to Failing Performance*, ed. Josef C. Brada – Karl-Eugen Wädekin (Boulder, 1988), 98–109.

³ István Papp, “Fehér Lajos agrárpolitikai tevékenysége” [Lajos Fehér’s Activities as an Agricultural Politician], in *Magyar agrárpolitikusok a XIX. és a XX. században* [Hungarian Agricultural Politicians in the 19th and 20th Centuries] ed. Levente Sipos (Budapest: Napvilág, 2010), 279–283.

⁴ Zsuzsanna Varga, “Conflicts and Compromises between the Hungarian Socialist State and the Peasantry: Contextualizing the ‘Hungarian Agricultural Miracle’,” in *Integration through Subordination. The Politics of Agricultural Modernization in Industrial Europe*, ed. Peter Moser and Tony Varley (Turnhout: Brepols, 2013), 34.

⁵ *A mezőgazdaság és az élelmiszeripar összefoglaló adatai, 1960-1970*. [Summarized Statistics of Agriculture and the Food Industry, 1960-1970] (Budapest: KSH, 1972), 18–19.

⁶ The articles of the central newspaper of the Hungarian Socialist Workers’ Party were especially sharp in tone. See *Népszabadság*, February 3, 1971: “Félmillió forint jogtalan újítási díj, a termelőszövetkezetek ellenőrizték rendszeresen közös vállalkozásaikat” [Undue Innovation Fee of HUF 500,000 – Producers’ Cooperatives Should Monitor Their Joint Ventures More Frequently]; *Népszabadság*, December 22, 1971: “Szövetkezeti gépekből maszek ócskavas” [From Cooperative Machinery to Self-Employed Scrapheap]; *Népszabadság*, January-February, 1972: “A Termoszig szövetkezeti ál-vállalat bűnös üzemelmei” [The Criminal Activities of Termoszig, a Fake Cooperative Sub-Company.]

⁷ Zsuzsanna Varga, “The ‘Modernizing’ Role of Agriculture in the Hungarian Economic Reforms,” in *Zur Physiognomie sozialistischer Wirtschaftsreformen. Die Sowjetunion, Polen, die Tschechoslowakei, Ungarn, die DDR und Jugoslawien im Vergleich*, ed. Christoph Boyer (Frankfurt: Max-Planck-Institut für Europäische Rechtsgeschichte, 2007), 201–218.

⁸ National Archives of Hungary (Magyar Nemzeti Levéltár Országos Levéltára, henceforth: MNL OL) M-KS 288.f. 4/97. ó. e. “Jegyzőkönyv a Köz-

ponti Bizottság 1968. december 4-i üléséről” [Minutes of the December 4, 1968 Session of the Central Committee]. 2. “Az 1968. évi gazdasági fejlődés a gazdasági reform és a jövő évi gazdasági munka fő irányai.” [Economic Development in the Year 1968, the Economic Reform and Next Year’s Economic Agenda.]

⁹ Pál Germuska, “Szocialista csoda? Magyar iparfejlesztési politika és gazdasági növekedés, 1950-1975” [Socialist Miracle? Hungarian Industrial Development Policies and Economic Growth, 1950-1975] *Századok* 1 (2012): 47–78.

¹⁰ Rudolf Tőkés, *A kialakított forradalom. Gazdasági reform, társadalmi átalakulás és politikai hatalomutódlás, 1957-1990* [The negotiated revolution. economic reform, social transformation and the political succession, 1957-1990] (Budapest: Kossuth, 1998), 98–107. The original title of the English edition of this book was *Hungary’s Negotiated Revolution. Economic Reform, Social Change and Succession, 1956-1990*.

¹¹ Hajdú, “A csőd kezdete,” pp. 85-89.

¹² Katalin Ferber – Gábor Rejtő, *Reform(év)fordulón* [Reform at the Anniversary] (Budapest: KJK, 1988), 32.

¹³ These debates can be traced in the journals *Társadalmi Szemle* [Social Review] and *Pártélet* [Party Life] as well as the daily newspaper *Népszabadság* [Freedom of the People].

¹⁴ János Kornai, *A szocialista rendszer. Kritikai politikai gazdaságtan.* [The Socialist System. Critical Political Economics] (Budapest: KJK, 1993): 94–121.

¹⁵ *A Magyar Szocialista Munkáspárt határozatai és dokumentumai, 1963-1966* [Regulations and Documents of the Hungarian Socialist Workers’ Party, 1963-1966] ed. Henrik Vass (Budapest: Kossuth 1968), 402–409.

¹⁶ *Ibid.*

¹⁷ MNL OL M-KS-288. f. 4/83. ő. e. “Jegyzőkönyv a Központi Bizottság 1966. október 13-i üléséről” [Minutes of the October 13, 1966 Session of the Central Committee].

¹⁸ MNL OL M-KS 288. f. 15/192. ő. e. “A Vas- Fém- és Villamos-energia-ipari Dolgozók Szakszervezetének jelentése a szövetkezetek munkaerő-elszívó lehetőségeinek ellenőrzése tárgyában végzett vizsgálatok megállapításairól” [Report of the Labor Union of Iron, Metal and Electric Energy Industrial Workers on the Results of the Investigation Regarding the Labor Force Draining Potential of Cooperatives.]

¹⁹ MNL OL M-KS-288. f. 5/548. ő. e. “Jegyzőkönyv a Politikai Bizottság 1971. március 9-én tartott üléséről” [Minutes of the March 9, 1971 Session of the Political Committee.]

²⁰ MNL OL M-KS-288. f. 5/564. ő. e. “Jegyzőkönyv a Politikai Bizottság 1971. szeptember 7-én tartott üléséről.” [Minutes of the September 7, 1971 Session of the Political Committee.] The official results were Government Decree

41/1971 (XII. 14) on the Scope of Economic Activities of Cooperatives, and Government Decision 1048/1971 (XII. 14.) on the Non-Agricultural Activities of Agricultural producers' Cooperatives. In: *Törvények és rendeletek hivatalos gyűjteménye, 1971* [Official Compendium of Laws and Regulations, 1971] (Budapest, 1972), 515–517, 583–586.

²¹ Following the introduction of Polish government measures to raise prices in December 1970, Gdansk and others cities responded with strikes and street protests that ended in casualties. These events resulted in certain shifts whereby Gomulka, first secretary of the Polish United Workers' Party had resigned and was replaced by Gierek, followed by the reformulated government's announcement of a price halt and wage increase. The Political Committee of the Hungarian Socialist Workers' Party discussed the Polish situation as a separate issue on their agenda several times and also discussed it the at sessions of the Central Committee. See MNL OL M-KS 288. f. 5. 540. ö.e., 5. 542. ö.e., 4. 111. ö.e.

²² MNL OL M-KS-288 f. 5/548. ö.e. "Jegyzőkönyv a Politikai Bizottság 1971. március 9-i üléséről" [Minutes of the March 9, 1971 Session of the Political Committee.]

²³ *Népszava*, May 5, 1971.

²⁴ MNL OL M-KS-288. f. 5/575. ö. e. "Jegyzőkönyv a Politikai Bizottság 1972. február 22-én tartott üléséről" [Minutes of the February 22, 1972 Session of the Political Committee].

²⁵ MNL OL M-KS-288. f. 4/119-120. ö.e. "Jegyzőkönyv a Központi Bizottság 1972. november 14-15-én tartott üléséről" [Minutes of the November 14-15, 1972 Session of the Central Committee].

²⁶ MNL OL M-KS-288. f. 4/119-120. ö.e. "Jegyzőkönyv a Központi Bizottság 1972. november 14-15-én tartott üléséről" [Minutes of the November 14-15, 1972 Session of the Central Committee.]

²⁷ Tibir Simó, *A termelészövetkezeti vezetők társadalmi mobilitása*. [The Social Mobility of Presidents of Producers' Cooperatives] (Budapest: SzKL, 1975), Árpád Püskösti, *Kiválasztottak* [The Chosen Ones] (Budapest: Árkádia, 1988).

²⁸ *Segédkönyv a Politikai Bizottság tanulmányozásához* [Manual for Studying the Political Committee] ed. András Nyírő (Budapest: INTERART, 1989).

²⁹ MNL OL M-KS-288. f. 5/623/1. ö.e. "Jegyzőkönyv a Politikai Bizottság 1973. november 13-án tartott zárt üléséről" [Minutes of the November 13, 1973 Session of the Political Committee].

³⁰ MNL OL M-KS-288. f. 31/V/1. ö.e. "Jegyzőkönyv a Koordinációs Bizottság 1972. június 26-án tartott üléséről" [Minutes of the June 26, 1972 Session of the Coordination Committee].

³¹ *Törvények és rendeletek hivatalos gyűjteménye, 1971* [Official Compendium of Laws and Regulations, 1971] (Budapest, 1972), 195–207.

³²Emil Erdősy, “A pazarló gazdálkodás az új gazdasági mechanizmus viszonyai között” [Economic Mismanagement in the Framework of the New Economic Mechanism.] *Magyar Jog és Külföldi Jogi Szemle* 12 (1967), 735-741.

³³Imre A. Wiener, “A pazarló gazdálkodás jogi szabályozásáról” [On the Legal Regulation of Economic Mismanagement] *Magyar Jog és Külföldi Jogi Szemle* 12 (1973): 712-717.

³⁴Péteri, “From Purge to Scandal,” pp. 87–88.

³⁵MNL OL M-KS-288. f. 31/V/1. ö.e. “Jegyzőkönyv a Koordinációs Bizottság 1973. január 22-én tartott üléséről” [Minutes of the January 22, 1973 Session of the Coordination Committee].

³⁶MNL OL M-KS-288. f. 31/V/1. ö.e. “Jegyzőkönyv a Koordinációs Bizottság 1973. február 19-én tartott üléséről” [Minutes of the February 19, 1973 Session of the Coordination Committee].

³⁷MNL OL XIX-A-2-II 23. d. “A Legfőbb Ügyészség összefoglaló jelentése a mezőgazdasági termelőszövetkezetek alapszabályai felülvizsgálata és hatósági jóváhagyása törvényességének vizsgálatáról” [Summarizing Report of the General Prosecutor’s Office of the Examination of the Legitimacy of the Revision and Official Approval of Statutes of Agricultural Producers’ Cooperatives].

³⁸MNL OL XVII-2-a 5. tétel 16. d. “Jelentés a népi ellenőrzési bizottságok 1973. évi munkájáról” [Report of the 1973 Activities of the People’s Inspection Committees].

³⁹*A magyar állam szervei, 1950-1970* [Agencies of the Hungarian State, 1950-1970] (Budapest: KJK, 1993), 373.

⁴⁰Ferenc M. Horváth, “A ‘népi ellenőrzés’ Magyarországon 1957-1989” [“National Inspection” in Hungary 1957-1989] *Levéltári Szemle* 4 (1990): 29–40.

⁴¹Antal Bakóczy, “A társadalmi tulajdon elleni bűncselekmények alakulása” [The State of Offenses against Public Ownership] *Népi Ellenőrzés* 6 (1973): 1–4.

⁴²MNL OL XVII-2-a 5. tétel 16. d. “Jelentés a népi ellenőrzési bizottságok 1973. évi munkájáról” [Report of the 1973 Activities of the People’s Inspection Committees], 10.

⁴³Péteri, “From Purge to Scandal,” pp. 88-89.

⁴⁴*Ibid.*, 95–96.

⁴⁵*Ibid.*

⁴⁶MNL OL M KS 288. f. 31/V/1. ö.e. “Jegyzőkönyv a Koordinációs Bizottság 1974. január 28-i üléséről” [Minutes of the January 28, 1974 Session of the Coordination Committee].

⁴⁷*Ibid.*

⁴⁸Hajdú, “A csőd kezdete,” pp. 85–89.

⁴⁹It will be the task of future research to explore the potential role of village agent networks.

⁵⁰In 1962, the independent Agricultural Sabotage-Prevention Depart-

ment was liquidated, but sub-departments supervising the agricultural sector remained in operation at county police departments. For further information, see Istvan Papp, “A Politikai Nyomozó Főosztály Mezőgazdasági (Szabotázs-) Elhárító Osztályának szervezettörténete, 1956-1962” [The Institutional History of the Agricultural (Sabotage) Prevention Department of the Political Investigation Department, 1956-1962] *Betekintő* 3 (2010).

⁵¹ After 1962, state security bodies distinguished three categories: one was for producers’ cooperatives, state farms, forestries, water management bodies and research institutes where it was still necessary to maintain an agent network. In the second group, sabotage prevention happened through official and social relations only, while the third group was only investigated in the case of reported offenses. *Ibid.*

⁵² Antal Bakóczy, “Az új gazdaságirányítási rendszer és a társadalmi tulajdon elleni bűnözés alakulása” [The New Economic Mechanism and Offenses against Public Ownership] *Belügyi Szemle* 2 (1973): 3–10.

⁵³ Unsuccessful reports of offenses comprised 38% of all reports in 1972, while a year later, this ratio dropped to 18%. MNL OL XVII-2-a 5. tétel 16. d. “Jelentés a népi ellenőrzési bizottságok 1973. évi munkájáról” [Report of the 1973 Activities of the People’s Inspection Committees].

⁵⁴ MNL OL XVII-2-a 22. tétel I. sorozat 2.d. 1970-1977. “Havi tájékoztatók a népi ellenőrzés szervei által indított téma és célvizsgálatokról” [Monthly Reports of Targeted Reviews by People’s Inspection Committees].

⁵⁵ MNL OL XVII-2-a 5. tétel 18. d. “Jelentés a népi ellenőrzés 1974. évi munkájáról” [Report of the 1974 Activities of the People’s Inspection Committees].

⁵⁶ MNL OL XVII-2-a 22. tétel I. sorozat 2.d. 1970-1977. “Havi tájékoztatók a népi ellenőrzés szervei által indított téma és célvizsgálatokról” [Monthly Reports of Targeted Reviews by People’s Inspection Committees].

⁵⁷ MNL OL XX-10-e-22.098/1973 (379.d.) “V.K.I. és társai periratai” [Charge Sheet of K.I.V. and Accomplices].

⁵⁸ *Törvények és rendeletek hivatalos gyűjteménye, 1971* [Official Compendium of Laws and Regulations, 1971] (Budapest: 1972), 195–207.

⁵⁹ Árpád Pünköshti, *Vasalt ruha mángorolva* [Clothes Ironed and Pressed] (Budapest: Múzsák, 1989): 22.

⁶⁰ Tibor Zám, “Mennyit ér a tsz-elnök?” [How Much Is the President of a Producers’ Cooperative Worth?] in Tibor Zám, *Bács-Kiskunból jövök* [I Come from Bács-Kiskun] (Budapest: Szépirodalmi, 1973), 185.

⁶¹ MNL OL XX-5-d-110/1974 (4.d.) “A Szolnok Megyei Bíróság B. 515/1972/76. sz. ítélete P.J. és társai bűnügyében” [Decision no. B. 515/1972/76 of the Court of Szolnok County in the Criminal Trial of J.P. and Accomplices].

⁶² MNL OL XX-10-e-20.065-1974. “P.J. és társai periratai” [Charge Sheet of J.P. and Accomplices].

⁶³ MNL OL XX-5-d-110-1974 (4.d.) “P.J. és társai periratai” [Charge Sheet of J.P. and Accomplices].

⁶⁴ MNL OL XX-10-e-22.649/1975-76 (465.d.) “Sz.J. és társai periratai” [Charge Sheet of J.Sz. and Accomplices].

⁶⁵ *Esti Hírlap*, October 26, 1976.

⁶⁶ András Schlett, “Success and Failure of the Hungarian Agrarian Model” *Arhivele Totalitarismului* [Totalitarianism Archives] 1-2 (2012): 107.

⁶⁷ The First Congress of Agricultural Producers’ Cooperatives was held in 1967 and the Second Congress was held in 1972.

⁶⁸ “A mezőgazdasági termelészövetkezetek III. kongresszusa” [Third Congress of Agricultural Producers’ Cooperatives] *Népszabadság*, December 16, 1976.

⁶⁹ *Ibid.*

⁷⁰ MNL OL M-KS-288. f. 4/154. ö. e. “Jegyzőkönyv a Központi Bizottság 1978. március 15-ei üléséről” [Minutes of the March 15, 1978 Session of the Central Committee].

⁷¹ MNL OL M-KS-288. f. 7/499. ö. e. “Jelentés a Titkárságnak a népgazdaságot károsító bűncselekmények tapasztalatairól” [Report to the Secretariat on the Experience of Criminal Acts Damaging the People’s Economy].