

Ignác Romsics

Economic Reforms in the Kádár Era

János Kádár ruled over Hungary for thirty years, from the suppression of the revolution of 1956 until a few months before the country's transition to a post-Communist regime in 1989. Unlike Mátyás Rákosi, his heartily loathed Stalinist predecessor, Kádár all along set an improvement in living standards as one of his chief aspirations. As a pragmatic politician who had once known what it was like to struggle as a pariah at the very edge of society, he was fully aware that "For a significant portion of the working masses, the main issues are not questions of politics but decent remedies for the economic and cultural issues that affect their everyday lives."¹ That was why he did more than simply tolerate efforts to improve the efficiency of the economy, shackled by Soviet expectations and by central planning based upon the state ownership of all major resources: he also usually, and up to a certain limit, actively supported these efforts.

There were three waves of reform. The considerations behind the first, that of 1956-57, were realised to only a minimal degree, if at all; the adoption of proposals that came with a wave that began in the mid-1960s was part of the package known as the New Economic Mechanism (NEM), introduced in 1968; finally, there were the post-1978 reforms, which in many respects exceeded the NEM in their scale and included the potential for a radical change in the model. (There was a fourth wave too, getting under way in the latter half of the 1980s; this, however, was no longer aimed at reforming the state socialist economy but at laying the groundwork for a return to a market economy and private property.)

¹¹ János Kádár: *Válogatott beszédek és cikkek 1957-1974* (Selected Speeches and Articles, 1957-74), 2nd edn. Budapest, Kossuth, 1975, p. 81.

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The thinking behind the 1956-57 reform had as its point of departure correctional measures that had been proposed during the economic debates in pre-revolutionary times. Its essence was to rationalize and thus increase the efficiency of Hungary's centralised command economy. Among the advocates of such reforms, as far back as Imre Nagy's first premiership of 1953-55, were György Peter, Director of the Central Statistical Office; Tamás Nagy, of the Hungarian Academy of Sciences' Institute for Economics; the agricultural economist and sociologist Ferenc Erdei; and among younger economists, Tibor Liska, Péter Erdős, Kálmán Szabó and Sándor Kopatsy. And then, of course, there was János Kornai, whose dissertation for his advanced doctorate (or Candidate's degree as it was then called), bearing the title *Overcentralisation in Economic Administration*, had already become a subject of debate amongst economists in September 1956.

The discussions were rejoined as soon as the Revolution had been crushed. At first they were even encouraged by the new leadership. In December 1956 the reorganising Hungarian Socialist Workers' Party (HSWP) resolved that

the government is to engage the competent state organs and the country's top economics experts in working out an economic policy that is appropriate to the new situation. This economic policy should in every respect build on our [i.e. Hungary's] economic resources and characteristics. It should facilitate the assertion of individual initiative and expert knowledge. Financial incentives need to be employed in all areas in line with the interests of the people's economy, thus promoting technological development, ameliorating quality, reducing the costs of production, and raising the productivity of labour... The chief issue of our entire economic policy is to make the gradual raising of the workers' standard of living the primary standpoint in the distribution of the gross national product and in the preparation of investment plans.²

A number of expert committees were set up to work out what specifically needed to be done, and their work in turn was co-ordinated by two steering committees that were headed by György Peter and Professor István Varga, an economist formerly of the Smallholders' Party who had been passed over in the early Fifties.

The proposals that they came up with by the spring of 1957 aimed at a radical overhaul of the command economy. Essentially they were aimed at ensuring the autonomy of enterprises, to replace direct plan-based orders with economic incentives, and to bring in a new value-related pricing structure. The centre would retain a wide scope for itself in just one area, that of investment policy. Setting themselves against these radical proposals, which in the discussions at the time were often branded as revisionist, Andor Berei, István Friss, Géza Ripp and other economic policy experts favoured maintaining the old system or making only

2 ■ Henrik Vass & Agnes Ságvári (eds): *A Magyar Szocialista Munkáspárt határozatai es dokumentumai 1956-1962* (Resolutions and Documents of the Hungarian Socialist Workers' Party, 1956-62), 2nd edn. Budapest, Kossuth, 1973, p. 22.

insignificant adjustments to it. In the October 2nd, 1957 issue of *Népszabadság*, the Party's daily newspaper, Friss went so far as to write of Kornai that "he rejects our entire socialist-style economic system. For want of other alternatives, he presumably wishes to exchange it for capitalism."³

The upshot of these disputes was that the radical proposals were shelved and a few none too major corrective measures were implemented, among which were a cut in the quantity of centrally set plan indicators, a more flexible approach towards the quantitative fulfilment of planned norms and the introduction of a profit-sharing element into the wage system. Fixed pricing and the rigid separation of producer and consumer prices were left unchanged, though the subsidised prices of domestically sourced raw materials were replaced by actual prime costs of production.

So when it comes to drawing a balance of the first post-revolutionary attempt at reform, the mountains went into labour and produced a mouse. The putting aside of that December Party resolution and Kádár's backing off may be explained by a number of factors, the most important of which must have been Soviet reluctance and the strength Hungarian hardliners drew from that to mount a counterattack. This was not only aimed at the reforms as such but at Kádár personally. If Khrushchev had been toppled and his opponents had allowed Matyas Rakosi and his fellow Stalinists to return from their enforced sojourn in the Soviet Union after 1956, "In the best case Kádár would have been given his marching orders, and in the worst case he would have shared the fate of Imre Nagy and his associates," Tibor Huszar, Kádár's biographer, ventures on this episode.⁴ A further factor must have been the spectacular results of the reconstruction set in motion in the months immediately following the Revolution; for many, these results covered up the regime's organic sickness and gave the impression that radical intervention was unnecessary. Accordingly, the National Party Conference that convened in June 1957 adopted a motion that

In regard to the system of economic leadership, the Party conference wishes to place it on record that it attributes decisive significance to the central guiding role of the state. For that reason, the Party conference rejects those mistaken views which deny that the state needs central guidance and control.⁵

That negative balance had to be adjusted in two respects. One is that, though no overall reform took place, connective measures were introduced to increase welfare. The most important here was a pay increase of, on average, 18 per cent, which was achieved through a 20 per cent reduction of the tax rates levied on self-employed artisans, followed soon afterwards by concessions to retail shopkeepers

³ Cited by Ivan T. Berend: *A magyar gazdasági reform útja* (The Path of the Hungarian Economic Reform). Budapest, Kozgazdasagi es Jogi Konyvkiado, 1988, p. 114.

⁴ Tibor Huszar: *Kádár János politikai életrajza* (A Political Biography of Janos Kádár), vol. 2. Budapest, I Kossuth Kiado/Szabad Ter Kiado, 2003, p. 43. 51Vass & Sagvari (eds.), *op. tit.*, p. 85.

and self-employed professionals. Pensions were restored or regularized for state employees, people were allowed to choose their job and workplace, wide-ranging fare concessions were introduced for public transport. Thus, in 1957, out of the total number of railway passenger-kilometres travelled, only 27 per cent were subject to full fare and 15 per cent were completely free of charge under these concessions.

In agriculture the scope of concessions reached still further. Compulsory deliveries of produce to the state were once again rescinded, while by the spring of 1957 the state's purchase prices had risen by more than 80 per cent on those prior to the Revolution. The sale and purchase of plots of land up to 5 *hold* (2.8 hectares or 7 acres) was permitted, which led to the emergence of a limited property market in the agricultural sector. The resulting duality of the Hungarian economy—that is to say, the dominance of the state in industry, in finance and, in part, in retail trade, as against the dominance of the private sector in agriculture—temporarily deepened. These riders need to be recalled, because these pragmatic "welfare" measures contributed at least as much, if not more, to the relatively speedy consolidation of the Kádár regime as the harsh retributions that were being inflicted at the same time. Whereas the retributions directly affected tens of thousands in the Hungarian population, the reforms affected millions.

This dual structure of the economy and property ownership was brought to an end by a surge of collectivisation in agriculture that was driven through between 1959 and 1961. The mechanism on which agricultural co-operatives were operated, however—and this was the second essential rider—did not at all follow the model of the earlier collectivisation drives in the Soviet Union or in Hungary under Rakosi early in the Fifties; instead, it was based in many respects on the reformist ideas of the 1954-57 period. The features observable in the agrarian sector during the first half of the 1960s in fact link the radical pre- and post-revolutionary reform ideas and the real reforms that were to come in 1968. These reforms were necessitated by the fall in yields that followed collectivisation. Due to the migration of the best manpower from the land into manufacturing industry, inadequate mechanisation, management inexperience and lack of motivation on the part of co-operative farm members, a significant portion of crops went unharvested during the early 1960s, and much of the rest was brought in by school and college students or by (conscript) soldiers drafted in to assist, in total, net agricultural output dropped by around 10 per cent. In order to alleviate supply shortages, Hungary had to import significant amounts of wheat and maize from overseas in 1960-62.

Perceiving how chaotic conditions had become in rural areas, Kádár gave free rein to the corrective steps that were being urged chiefly by Lajos Feher (Secretary of the Central Committee of the HSWP and from 1962 Deputy Chairman of the Council of Ministers) and Ferenc Erdei. The most important of these was a keener appreciation of the role that was played by household plots, which was a

shrewd adjustment to the land- and property-oriented mentality of the peasantry. In a departure from earlier practice, every member of a family (and not just the family as a unit) was entitled to roughly one *hold* of land to farm in his or her own name; along with this, the restrictions on families keeping livestock were relaxed. As a result, it was possible, from the mid-Sixties onwards, for mini stock-farms to rear their animals on fodder produced on the household plot or on the collective's land. Not only did these private farms account for a large proportion of the food demand of the rural population, but by the latter half of the Sixties they were supplying 22 per cent of the produce purchased by the state.

Another important innovation, as compared with the way collective farms functioned (by organizing work in brigades and remuneration based on work units done by such teams), was a shift to a system of share-tenancy system. Under this, on an annual leasehold basis, a family or kinship group, even a cluster of neighbours, was allowed to take over sole responsibility for the cultivation of specific parcels of the collective land—generally for root crops that require regular hoeing—on an annual leasehold. Such groups would be paid not only the centrally determined sum for the work units they had supplied, but could retain as much as 25-50 per cent of the value of any surplus production. This gave a co-operative's members a very direct stake in improving crop yields. By the mid-Sixties, more than one third of the cultivation of collective land was organized in this way; the system, of course, had a long history, albeit under very different patterns of land ownership. Its role declined as mechanization advanced, but even in 1970 it accounted for 27 per cent of all output.

The adding of greater flexibility to wages was a third innovation. In places where people were unable or did not wish to go in for share-tenancy, or where the nature of the activities—animal husbandry, for instance—did not allow this, cash-or produce-based bonus schemes were resorted to, and these similarly rewarded overfulfilment of the work units dictated by plan targets. Eventually, the payment in cash or produce of regular monthly advances became a general rule. One of the enterprises that was in the forefront of these innovations was the Red Star Co-operative at Nádudvar, a village outside Debrecen in eastern Hungary, which was headed by Istvan Szabo, who later became president of the National Council of Co-operative Farms, the other that at Barcs headed by Pal Losonczi, later Chairman of the Presidential Council. In 1960 Losonczi succeeded Imre Dogei as Minister of Agriculture. Dogei was unable to accept the idea that co-operative farms should be run like business enterprises.⁶

Authorisation of the farming of household plots and share-tenancy, along with the greater flexibility that was given to the system of remuneration—opponents, it goes almost without saying, deemed them to be "capitalist deviations"—resulted in a speedy improvement in yields and a regeneration of the agricultural

61 Ivan T. Berend: *op. til*, pp. 150-176 and Zsuzsanna Varga: *Politika, paraszti érdekérvényesítés és szövetkezetek Magyarországon 1956-1967* (Politics, Enforcing the Interests of Peasants and Co-operative Farms in Hungary, 1956-67). Budapest, Napvilág, 2001.

sector. These were spectacular results and they played a big part in the December 1964 decision of the HSWP Central Committee to undertake reform of controls across the whole state sector, that is the whole of the economy. Kádár, who was more secure in power by this point in time, felt able to see off his dogmatic adversaries and so set the ball rolling; he was further encouraged by the fact that just before him Khrushchev had embarked on a similar reform package in the Soviet Union. In other words, it seemed at first that a favourable wind was blowing from Moscow. Another impetus was the slackening in the rate at which manpower from agriculture was bleeding into manufacturing, a prime source of economic growth: the proportion of the workforce employed in agriculture had fallen from 54 per cent in 1949 to 25 per cent by 1970, which likewise was an argument for undertaking a comprehensive general reform of the economy.

The responsibility for reforming the system of central planning was given to Rezso Nyers, a former Social Democrat, who was then in his forties and serving as the Central Committee's secretary for economic policy. Reform-minded economists had already been gathering round Nyers back in 1963-64—a group which included not just Gyorgy Peter, Tamas Nagy, Lajos Feher and Ferenc Erdei, but also the professor of economics Imre Vajda, Jozsef Bognar, who was a former Smallholders' Party politician, Miklos Ajtai, Director of the National Planning Bureau, and other economists, including Bela Csikos-Nagy, Matyas Timar and Istvan Hetényi. The preliminary analysis was carried out by 11 working groups; by 1 March 1965 they had completed their critique of the existing regimen and by **October** of that year they were able to put forward an initial draft of the basic principles of reform. Their preliminary studies had been preceded by fierce internal disputes which attracted fairly widespread attention. Party leaders like Bela Biszku, Gyula Kallai and Dezső Nemes and a substantial number of cadres together with many leading lights among the country's intelligentsia, such as the writer Peter Veres, saw in this thinking an abandonment of fundamental socialist principles and the ceding of ground to undesirable "petty bourgeois" attitudes. By contrast, and on varying grounds, people such as György Lukács, then the doyen of Marxist philosophy in Hungary, and Gyula Illyés, a living classic as a poet and the most prominent of the country's populist writers, stood solidly behind reform. Kádár opted for the cautious balancing act that typified him and took issue both with the "conservatives" and with Nyers. Thus, the resolution passed by the Central Committee in November 1966 was a compromise, but it still envisaged significant changes. A key passage in this document runs:

It must be made possible that the supply and demand of goods and contingent economic categories—the market, prices, production costs, profit, credit, etc.—be given a significantly greater, active scope in the socialist economy than has been the case hitherto.⁷

7 ■ Henrik Vass (ed.): *A Magyar Szocialista Munkáspárt határozatai és dokumentumai 1963-1966* (Resolutions and Documents of the Hungarian Socialist Workers' Party, 1963-66). Budapest, Kossuth, 1968, pp. 238-239.

Ultimately, the "New Economic Mechanism" that came into force on January 1st, 1968—the NEM—ushered in three essential changes. It reduced the role of central planning in production and investment, thereby increasing the autonomy of enterprises, some of them being granted foreign trade rights; it introduced distinctions between consumer goods that were sold at centrally fixed prices, at ceiling ("maximal") prices and at market-driven prices; and finally it gave much more scope than previously for pay and incomes to be linked to performance. Under the reform as originally conceived by Nyers and his fellow economists, the economic reform was supposed to be followed by a wider reform of the political system, which would have comprised two major prongs: greater independence for local government (councils), in line with the autonomy granted to co-operative enterprises, and the conversion of the existing counties into regional administrations. The thinking behind this, however, envisaged an eventual separation of powers. This was explicitly acknowledged by Nyers on a Party platform in the spring of 1969. An overwhelming majority of Party leaders, however, would have none of this, nor did it receive support from Kádár himself.⁸ Thus, economic reform, rather than being rounded off by political reform, eventually lost its impetus and entered a phase of stagnation and temporary retrenchment from 1972 on. As with most of the major about-faces in Hungarian politics between 1945 and 1989, the Soviet Union lay behind this one. Under Brezhnev's leadership from 1964 on, the Soviet supremos had not been enamoured of the NEM, but had not vetoed it outright. Their standpoint, as communicated to Matyas Timar and Nyers, amounted to "it is not advisable".⁹ However, in talks at Zavidovo in the Ukraine, in February 1972, Brezhnev made it clear to Kádár in no uncertain terms that changes would have to be made because "dangerous tendencies", as he put it, were asserting themselves in Hungary.¹⁰ On this occasion too, albeit not immediately or completely, Kádár submitted to the Soviet diktat. This adversely affected many in politics and in the ranks of the intelligentsia. The reformers in the most exposed positions—Nyers and Lajos Fehér among them—were sidetracked and "Lukácsist" thinkers, who were toiling over the renewal of Marxism—János Kis and Mihály Vajda, among them—were expelled from the Party and/or dismissed from their posts. That was the price that had to be paid to enable the essential components of the 1968 reform—the dropping of obligatory central planning targets, greater entrepreneurship and market-orientation for enterprises, partially liberalized prices, etc.—to stay in place. This half-turn was attended by serious downswings. As a result of state intervention in regard to incomes, the number of people who were lifted into the highest tax bracket doubled, even trebled, in 1973-74. This came with a drop of purchase prices for produce and a raising of prices for fodder; owners of livestock

⁸ I Tibor Huszar: op. cit., p. 43.

⁹ I Ibid., p. 320.

¹⁰ Tibor Huszár: *Kádár. A hatalom évei 1956-1989* (Kádár: the Years in Power, 1956-89), Budapest, Corvina, 2006, p. 193.

responded by slaughtering their animals. In the second half of 1974 the national stock of sows fell from 417,000 to 290,000. Increasingly, Hungary turned to the international markets for loans to offset its balance of payment deficits.

Pressed by the return of perceptible supply-chain difficulties from 1975 onwards, foremost among which were two massive hikes in oil prices charged by the OPEC oil-producing countries, Kádár and the bulk of the other Hungarian leaders opted to go back to reform. The Central Committee, at its October 20th, 1977 session, stated that "sources of additional manpower for economic growth have been exhausted," that "sustainably dynamic and balanced economic growth can only be achieved by vigorously stepping up efficiency," and that to this end "The stakeholder system needs to be widened in such a way that differences in efficiency increasingly find expression in earnings."¹¹

Again, it was in agriculture that reform started up, though by then it only accounted for one sixth of the national income and employed just 15 per cent of the working-age population (of those in full-time employment). It became possible for members of co-operative farms with entrepreneurial flair and good creditworthiness to expand the amount of land that they permanently rented from the co-operative, from the two- to *four-hold* household plots that had been permitted hitherto, into essentially private farms that produced directly for the market. They were also now at liberty to keep horses alongside raising cattle and sheep as well as pigs. These steps were then followed by a truly radical reform of the price system in 1979-80, as it brought domestic prices even more closely into line with their market value and freed prices for around 70 per cent of consumer goods. The key item in this package was the support that it gave to small businesses (hitherto treated in a half-hearted manner), embracing also services and manufacturing, and permitting new types of business entities. In February 1980, the Central Committee declared that "activity in the secondary economy is, in general, useful, plugging gaps as it does." On that basis, thousands of new small commercial and manufacturing businesses, including "Economic Work Partnerships" (known by their acronym *gmk* in Hungarian), were established during the early Eighties, engaging in production and supply activities with minimal administration and a rapid response to market needs. By 1985 there were ten thousand such *gmk*-s and a further 20,000 Enterprise Economic Work Partnerships (known as *vgmk*) operating in Hungary. The number of shops and catering entities that operated on a contractual basis, and therefore with a view to making a profit and at the owner's risk, as permitted by a 1980 government decree, likewise ran into the thousands (about 2,000 in 1981 and 12,000 by 1985). Private taxicab drivers, who were permitted from 1982, made up another distinct group of small entrepreneurs. It has been estimated that by the mid-Eighties something like two

11 ■ Henrik Vass (ed.): *A Magyar Szocialista Munkáspárt határozatai es dokumentumai 1975-1980* (Resolutions and Documents of the Hungarian Socialist Workers' Party, 1975-80). Budapest, Kossuth, 1968, pp. 561-591.

thirds (but perhaps as many as three quarters) of Hungarian families were operating in one thicket or another of this impenetrable "second economy".¹²

Moscow had mixed feelings towards this new burst of reforms, unprecedented as they were within the socialist camp, but it did not stand in the way. Affected by ill health for years, L.I. Brezhnev, the General Secretary of the Soviet Communist Party, was effectively unfit to take decisions by the beginning of the Eighties. On his death in November 1982, he was succeeded by Yuri Andropov (Ambassador in Budapest in 1956), who had been one of those urging Kádár's installation as Hungarian Party leader once the 1956 Revolution was put down, and who thus always accorded him special licence. In 1983 he gave his blessing to the reforms that had been introduced to date and to the introduction of still newer measures. With that reassurance the Central Committee in April 1984 decided to continue the reform process. Their resolution stated that the goal being sought was the emergence of a "controlled market economy" founded on mixed—state, co-operative and private—ownership of property and means of production. The government accordingly, on October 31st, 1984, ordained a decentralisation of state ownership rights, which in practical terms required that enterprises set up councils, half the members of which would be employees' delegates and half the firm's managers (reminiscent of the Yugoslav workers' self-government in the self-management of industrial enterprises), with these boards being able to decide on such matters as the firm's marketing strategy and on the appointment of its managing director. The Central Committee's resolution was also used to bring in a bankruptcy law that allowed the winding-up of loss-making enterprises; a two-tier banking system, in which the roles of the national bank and commercial banks were separated, as was appropriate to meet the monetary needs of a market economy; and to undertake the preparatory work for introducing a taxation system of the kind seen in market economies.¹³

One of the champions of pursuing further economic reform was Rezso Nyers, who had been sidelined in 1974. In a 1984 interview, Nyers did not merely emphasise that "socialist economic practice as a whole" had to be reconstructed, but, dusting off the initiative he had headed in 1969, went so far as to raise the need for a political reform that would mean the administrative power of the state taking a back seat to elected bodies, and allowing the formation of distinct groups within the Party: "If in the times to come we are unable to give greater scope to this pluralism of views and opinions within the Party, and in political life in general, then there is a real danger of growing conservatism and, above all, of I disengaging from the youth of today."¹⁴

121 Iván T. Berend: *op. cit.*, pp. 421-439.

131 István Kollega Tarsoly (e<±): *Magyarország aXX. században* (Hungary in the Twentieth Century), vol. 2. Szekszárd, Babits Kiado, 1997, pp. 674-675, and Lajos Faluvegi: *Tervezés: egyensúly és megújulás 1986-1990* (Planning: Balance and Regeneration, 1986-90). Budapest, Kossuth, 1986, pp. 285-287. 141 Rezso Nyers: *Útkeresés—reformok* (Searching for Paths—Reforms). Budapest, Magvető, 1988, pp. 436-465.

By the early Eighties, besides Nyers, many younger economists, sociologists, political scientists and other intellectuals were urging, often in lively dispute with each other, an all-embracing reform process. A key issue of these discussions was property rights, while the other was extending reform to the political arena. The debate about property rights had begun in 1974-75, in the columns of the economic journal *Közgazdasági Szemle*, involving the likes of Tamas Sarkozy, Laszlo Lengyel and others, with Tibor Liska, who counted as a veteran by comparison, weighing in later with his lectures at the University of Economics from 1978 onwards. The young economists, who were later to gain a major role in shaping economic policy in the years after Hungary's change of regime, first expounded their views in the context of those lectures. (Among others, Tamas Bauer and Karoly Attila Soos on self-governing enterprises and business property rights, Istvan Csillag, Laszlo Lengyel and Gyorgy Matolcsy on how a pluralistic structure of ownership could be detached from the "omnipotence" of state ownership.)¹⁵

The third wave of reforms of the Kádár era once again had the brakes applied temporarily in 1985, despite the fact that this was after Gorbachev's rise to power in March of that year and despite the signals that Moscow was now sending. Under pressure from Kádár himself, who was horrified by the social impact and political consequences of the reforms, the 13th Party Congress in that year resolved that measures should be taken to stimulate the economy by boosting credit-financed consumer spending. There was a measure of backtracking to the reform policies under the new prime minister, Karoly Grosz, from 1987 on, as signalled by the introduction of a purchase tax on businesses and of a personal income tax on January 1st, 1988. Like Kádár and most of the rest of the Party leadership, however, Grosz had no wish to meddle with fundamental principles. "The foundation," he stressed, "must remain unshakeable," or in other words, "state and co-operative ownership of property will be unchanged as the mainstay of our economic system."¹⁶ Reform of the political institutional structure and sharing of the Party's authority were even more anathema to him. In the meantime work on *Social Reform* as well as *Reform and Democracy*, key programmes pushed by opposition or semi-opposition groupings, was going ahead, to join *Turning-Point and Reform*. Power sharing, and hence setting severe limits to the Party's influence, were central issues, along with the reform of property rights. This fourth wave, as hinted here at the beginning, really belongs to the prehistory of Hungary's Third Republic rather than the history of economic reforms in the Kádár era. The ever-opposite Budapest wisecracks concluded: Hungary had reached the final leg of its long and winding road to capitalism.

15 ■ Laszlo Lengyel: *Vegkifejlet* (Finale). Budapest, Kozgazdasagi es Jogi Konyvkiado, 1989, pp. 153-185.

16 *MA Minisztertanacs munkaprogramja* (The Hungarian Presidium's Work Programme). Budapest, Kossuth, 1987, pp. 5-28 (Grosz's speech) and pp. 58-80 (the government programme).

The 1989-90 change of regime demarcated itself from the entire Kádár era, ranking it to be, along with the early Fifties, no more than a historical detour. Nevertheless, research into the economic structure of that period is bound to ask what success Hungary's reforms enjoyed, unique as they were within the socialist bloc. According to data provided by the most recent international comparison— not too impressive. Angus Maddison has calculated that per capita GDP grew 2.8-fold over the period between 1950 and 1988, whereas the figure for Czechoslovakia, which set out from a similar point of departure but, by and large, was held back from the introduction of any substantial reforms, was 2.5-fold, and that for Poland, which did not dabble with any reforms, it was 2.4-fold.¹⁷ Is it therefore quite possible that even without reforms Hungary would have been the socialist bloc's "merriest barracks", with its population rising to become one of the world's leading consumers of fat and eggs? Is the link between per capita GDP and living standards, quality of life and attitudes towards life much more indirect than we are accustomed to think? Or could this eminent writer on economic history have simply got it wrong? Those are questions that will have to be addressed by anyone who undertakes the job of a comprehensive assessment of the Kádár era. **>

171 Angus Maddison: *Monitoring the World Economy 1820-1992*. Paris, OECD, n.d.

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