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THE ECONOMIC POLICY OF THE HUNGARIAN COMMUNIST PARTY BETWEEN 1945 AND 1946

INTRODUCTION

In light of available postwar Communist Party documents, this paper aims to present the political measures taken by the Hungarian Communist Party (*Magyar Kommunista Párt*, MKP) in 1945 and 1946 to influence Hungary's economic policy. This period coincided with the stabilisation of the Hungarian economy, which was then exploited by the Communists to expand their political influence.

According to Milovan Đilas,¹ at the end of the World War II Stalin said the following: "This war is not as in the past; whoever occupies a territory also imposes on it his own social system. Everyone imposes his own system as far as his army can reach".² These statements suggest that Stalin had a clearly defined vision of the future of East-Central Europe. Although there is still some debate over when and how the Soviet Union decided to impose its system on the occupied countries.³

¹ Milovan Đilas (1911–1995) was a Yugoslavian Communist politician. From 1937 he was member of Josip Broz-Tito's inner circle. After the World War II he became one of the main theoreticians of the League of Communists of Yugoslavia. Between 1953 and 1954 he was president of the Parliament of Yugoslavia. In January 1954, he was expelled from the central party leadership and deprived of all offices. He was under arrest from 1956 to 1961 and then from 1962 to 1967.

² M. Djilas, *Conversations with Stalin* (New York: Harcourt, Brace & World, 1962), p. 114.

³ Based on his research, Mark Kramer states that at the end of the war, Stalin did not see it necessary to establish Communist regimes in Eastern Europe, as only wanted to maintain Soviet-friendly governments to create a security zone for the Soviet Union. The later move was more of a reaction to the Western powers' hostile policy towards the Soviets (further reading M. Kramer, "Stalin, Soviet Policy, and the Establishment of a Communist Bloc

Eduard Mark stated that at the end of the World War II the Soviets aimed to strengthen the Communist parties' positions in Eastern Europe by establishing Communist-led coalitions while maintaining a democratic façade.⁴ He thought that Stalin did not renounce the plan for the Communist revolution, but at the same time he wanted to maintain cooperation with his allies for a while.⁵ The purpose was to create an appropriate situation for political advances to introduce a future Soviet-type system. Ernő Gerő supports this in his recollections. He claims that the Communist Party's main goal was obviously a "socialist revolution" from the beginning, and this was only a matter of time plus internal and external political circumstances.⁶

From an economic point of view, the Soviets regarded East-Central Europe as an economic resource. The economic subjugation and exploitation of the occupied countries began as early as the Soviet occupation. According to László Borhi, the Soviet Union extracted USD 23.2 billion from the East European countries between 1945 and 1960.⁷ However, this amount does not include the cost of the Red Army's maintenance, the war booty, the profit from unequal trade agreements and other payments.⁸

The Soviet Union pursued a two-faced policy, because it also used its economic penetration to undermine the economic pillars of Hungarian independence, with the extensive use of Soviet and joint Soviet-Hungarian companies, by exploiting its rights to reparations,⁹ and by influencing Hungary's foreign trade.¹⁰ Furthermore the Soviets also instructed and helped the Communist Party to create various instruments in order to introduce elements of centrally planned economy. One of these instruments was the Supreme Economic Council (*Gazdasági Főtanács*, GF), which was secretly coordinated by the State Policy Department of the MKP (*Állampolitikai Osztály*, ÁPO). With the help of the GF, the Hungarian Communist leadership tried to create an economic policy that would make the Party itself an integral factor in the stabilisation process and thus secure its place in the highest echelons of political power in Hungary. From the beginning, the MKP's highest priorities were to acquire key political positions and to weaken and disintegrate existing social and political structures while maintaining the mask of democracy.¹¹ One

in Europe, 1941–1949" [in:] *Imposing, Maintaining, and Tearing Open the Iron Curtain: the Cold War and East-Central Europe, 1945–1989*, ed. M. Kramer, V. Smetana (Lanham (Md): Rowman & Littlefield, 2014), pp. 3–38).

⁴ E. Mark, "Revolution by Degrees, Stalin's National-Front Strategy for Europe, 1941–1947", *CWIHP* 31 (2001), p. 7.

⁵ *Ibidem*, p. 7.

⁶ Archives of the Institute of Political History and Trade Unions [Politikatörténeti- és Szakszervezeti Levéltár] (hereinafter: PIL), f. 867, 2/g-127. – Gerő Ernő visszaemlékezése [Ernő Gerő's recollections], pp. 104–105.

⁷ L. Borhi, *Hungary in the Cold War 1945–1956: Between the United States and the Soviet Union* (Budapest: Central University Press, 2004), p. 139.

⁸ *Ibidem*, p. 149.

⁹ Hungary was bound to pay USD 300 billion of reparations, of which USD 200 billion were allocated to the Soviet Union, and the remaining amount divided between Czechoslovakia and Yugoslavia. This was to be completed over six years by deliveries in kind. However the Soviets determined the value of the reparation goods according to 1938 world prices plus a 10–15 percent bonus. As a result of this, payments far exceeded the agreed amount despite the fact that in 1948 the Soviet Union cut half of the Hungarian reparations (L. Borhi, *Hungary in the Cold War 1945–1956*, pp. 144–148).

¹⁰ *Ibidem*, p. 150.

¹¹ PIL, f. 867, 2/g-127. – Gerő Ernő visszaemlékezése [Ernő Gerő's recollections], pp. 103–104.

part of this strategy entailed the replacement of economic leadership by eliminating the landowning aristocracy and large-scale entrepreneurs, who were considered to be the main financial supporters of the democratic, non-Communist parties of Hungary.

THE ESTABLISHMENT OF THE SUPREME ECONOMIC COUNCIL (GF) AND THE STATE POLICY DEPARTMENT (ÁPO)

In 1944, when the World War II was still far from over, the Hungarian Communist emigration in the Soviet Union was already working intensively on the preparation of the Communist Party's postwar policies.¹² In the spring of 1943, the Foreign Committee (*Külföldi Bizottság*, KÜB) was established with the participation of Mátyás Rákosi, József Révai, Mihály Farkas, and Ernő Gerő to coordinate relevant tasks,¹³ such as the preparation of an "action program" for the MKP.¹⁴ The drafting process started at the end of April 1944, and in September and October 1944, the Committee held several discussions on the resulting "Hungarian Action Program" attended by the *crème de la crème* of the Hungarian Muscovites.¹⁵ The political aspirations and tactical considerations outlined in these discussions would later reemerge in the MKP's postwar policy; however, these "debates" were not nearly as influential on the drafting process as the consultations held with Georgi Dimitrov Mikhaylov¹⁶ and Dmitry Manuilsky¹⁷ under the supervision of Joseph Stalin.¹⁸ In October 1944, Gerő and Révai finalised the MKP's action program, which was published on 30 November 1944 in the newspaper *Debreceni Néplap* [*The Debrecen People's Press*], titled "The Program of Democratic Reconstruction and the Ascension of Hungary: A proposal by the Hungarian Communist Party". As a prerequisite for creating a postwar

¹² M. Baráth, *A Kreml árnyékában. Tanulmányok Magyarország és a Szovjetunió kapcsolatainak történetéhez* [In the Shadow of the Kremlin: Studies on the History of Relations between Hungary and the Soviet Union] (Budapest: Gondolat, 2014), p. 37.

¹³ *Eadem*, *Gerő Ernő politikai pályája 1944–1956* [The Political Career of Ernő Gerő, 1944–1956] (Eötvös Lóránd University, 1997), pp. 281–283.

¹⁴ *Ibidem*, pp. 291–292.

¹⁵ M. Korom, "A moszkvai magyar kommunista emigráció 1944. őszi megbeszélései a programkészítésről" [Discussions of the Hungarian Communist Emigration in Moscow in the Fall of 1944 on the Preparation of a Policy Program], *Múltunk* 1 (1993), pp. 114–133.

¹⁶ Georgi Dimitrov Mikhaylov (1882–1949) was a Bulgarian Communist politician and one of the main theoreticians of Communist International. In 1919, he became the leader of the Bulgarian Communist Party. In 1933 in Berlin, he was accused of alleged complicity in setting the Reichstag on fire but was acquitted in the Leipzig Trials and expelled to the Soviet Union. From 1935, he was the president of the Comintern until its abolition in 1943, and as such was in charge of executing Stalin's orders. In 1935 at the Seventh Congress of the Comintern, Dimitrov announced the birth of the Popular Front, which presented Soviet ideology as mainstream Anti-Fascism. In 1946, he became the Prime Minister of Bulgaria. Three years later in 1949, Dimitrov died in a sanatorium near Moscow. His death raised speculation that he had been poisoned, but this has never been confirmed.

¹⁷ Dmitry Manuilsky (1883–1959) was a Soviet politician and another key theoretician of Communist International. He also served as a secretary of the Comintern from December 1926 until its dissolution in May 1943. Between 1928 and 1943, he held various important positions at the All-Union Communist Party, the Red Army, and the Communist Party of Ukraine. Between 1945 and 1952, he was the permanent representative of the Ukrainian SSR at the United Nations.

¹⁸ PIL, f. 867, 2/g-127. – Gerő Ernő visszaemlékezése [Ernő Gerő's recollections], pp. 31–32.

“democratic” Hungary, this program proposed land redistributions, the nationalisation of natural resources and private companies in positions of monopoly, the state control of major banks, the introduction of progressive taxation, and the improvement of worker representation. According to the draft, private companies were expected to play an important role in postwar reconstruction; however, the process was to be executed primarily through central planning under state support and control.¹⁹ Although the MKP’s program suggested that the Communists sought to implement a kind of controlled economy, in the grip of postwar hardship, non-Communist parties also accepted the proposal and contributed to the creation of a coordinating economic body, which was established on 29 March 1945 and called the National Economic Council (*Országos Gazdasági Tanács*, OGT).²⁰ In the spring of 1945, the MKP also created various economic party organs as part of its apparatus, but these organs proved to be only temporary.²¹

In the first half of 1945, the Communist Party primarily focused on economic recovery rather than organisational issues, as shown by a Communist Party document issued in April 1945 that addressed the most pressing problems of the Hungarian economy.²² According to the document, the issues requiring the most urgent action were the restoration of transport infrastructure, the recovery of the construction industry, and the curbing of inflation. Here the land redistribution²³ of March 1945 constituted a special exception, because with this step the MKP primarily sought to win over the peasantry and turn it into the mass base of the Communist Party, as well as eliminate the landowning aristocracy and thereby exclude them from politics. However, the results of the elections of 4 November 1945 reflected the failure of the Communists’ conceptions, which was partly due to the fact that the exploits of Communist “petty monarchs” in the rural areas had created a massive dislike of them in the peasantry.

In his study published in December 1945, Jenő Varga,²⁴ a Soviet economist who regularly advised Rákosi justified the measures of the Communist Party by claiming that

¹⁹ National Archives of Hungary [Magyar Nemzeti Levéltár Országos Levéltára] (hereinafter: MNL OL), M-KS, f. 274, cs. 7, ő. e. 5. – “Magyarország demokratikus újjáépítésének és felemelkedésének programja.” Az MKP javaslata [“The Program of Democratic Reconstruction and the Ascension of Hungary.” A proposal by the Hungarian Communist Party], p. 4.

²⁰ P. Germuska, “Adalékok a magyarországi gazdasági intézményrendszer 1945–1948 közötti változásaihoz” [Supplements to the Economic Institutional System Change in Hungary between 1945 and 1948] [in:] *Lépések a gazdasági teljhatalom felé 1945–1948* [Steps towards Absolute Economic Power, 1945–1948], ed. B. Bank, P. Germuska (Budapest: Nemzeti Emlékezet Bizottsága, 2017), p. 28.

²¹ S. Rákosi, *Az MKP és az MDP szervezeti felépítése, 1944–1956* [The Organizational Structure of the Hungarian Communist Party and the Hungarian Workers’ Party, 1944–1956] (Budapest, 1964), pp. 19–23.

²² MNL OL, M-KS, f. 274, cs. 12, ő. e. 1. – “A magyar gazdasági élet legsürgősebb problémái.” Az MKP 1945-ös gazdasági intézkedés javaslata [“The Most Urgent Problems of Hungarian Economic Life.” The 1945 economic proposal of the Hungarian Communist Party], pp. 1–3.

²³ The land redistribution negotiations were heavily influenced and pressed on by Marshal Voroshilov in favour of the MKP. Its draft decree, written by Communist Minister of Agriculture, Imre Nagy, was accepted by the Provisional National Government on 17 III 1945. Shortly afterwards in 19 III 1945 the land redistributions started. Peasant estates over 115 hectares and noble estates over 57.55 hectares were expropriated. Nearly 3,200,000 hectares were redistributed among approximately 640,000 beneficiaries, mainly landless peasants and dwarf holders.

²⁴ Jenő Varga (1879–1964) was an economist and Communist politician. In 1919, he served as the People’s Commissar of Finance, the People’s Commissar of Social Production, and the president of the National Economic

“the fascist parties were always in a most intimate relationship with the landowners”²⁵ In addition, Varga singled out certain groups that would later be stigmatised and persecuted under communism by presenting the urban “big capitalists”, administrative officials, and even the “upper classes” of the rural population as rife with “hostile elements” and as obstacles to the “democratisation” of Hungary.²⁶ On 1 October 1945, at the request of Rákosi, Varga gave a lecture to the Politburo of the MKP, where he addressed similar issues.²⁷ Following this lecture, Rákosi came to the conclusion that the party’s economic strategy should initially resemble the Soviet economic policy of the 1920s (the New Economic Policy or NEP): “We are forced to settle for half-solutions, so it is not yet possible to implement a closed system”²⁸

In the fall of 1945, the MKP began laying down the foundations of its economic policy, which was obviously influenced by the party’s weak election results of November 1945, and did so while still struggling to recruit an appropriate number of cadres with the necessary economic qualifications. From his return to Hungary in February 1945, in his letters to the Soviet leadership and the representative of the MKP in Moscow, Rákosi had frequently requested the release of certain Hungarian Communist emigrants to Hungary,²⁹ complained about the general lack of cadres, and disputed the usefulness of his domestic comrades.³⁰ In his reports to Dimitrov, Rákosi mainly requested experts with economic qualifications such as László Háý³¹ and István Friss³² to be sent to

Council of the Hungarian Soviet Republic. After the overthrow of the Hungarian Soviet Republic, he fled to Austria and later to the Soviet Union. Between 1922 and 1927, he worked at the department of trade of the Soviet embassy in Berlin. Between 1927 and 1947, he was the director of the Institute of World Economy and World Politics. In the 1930s, he became an economic advisor to Stalin. Thanks to his connections to the highest circles of Soviet leadership, he survived the purges of the 1930s.

²⁵ J. Varga, *A földreform és a közélet demokratizálása* [Land Reform and the Democratization of Public Life] (Budapest, 1945), pp. 6–7.

²⁶ *Ibidem*, pp. 13–14.

²⁷ MNL OL, M-KS, f. 274, cs. 3, ő. e. 10. – Az MKP PB 1945. október 1-i ülésének jegyzőkönyve [Minutes of the 1 X 1945 session of the Politburo of the MKP], pp. 2–4.

²⁸ *Ibidem*, p. 5.

²⁹ *Ibidem*, cs. 10, ő. e. 114. – Rákosi Mátyás levelei Dimitrovnak [Mátyás Rákosi’s letters to Dimitrov], pp. 11–12, 24–25, 48, 82–83; *ibidem*, ő. e. 119. – Rákosi Mátyás levelezése az MKP moszkvai képviselőjével [Mátyás Rákosi’s correspondence with the Moscow representative of the MKP], p. 6.

³⁰ *Ibidem*, cs. 10, ő. e. 119. – Rákosi Mátyás levelezése az MKP moszkvai képviselőjével [Mátyás Rákosi’s correspondence with the Moscow representative of the MKP], p. 6.

³¹ László Háý (1891–1975) was an economist and Communist politician. In 1919, he became a member of the Party of Communists in Hungary (*Kommunisták Magyarországi Pártja*, KMP). A year later, following the collapse of the Hungarian Soviet Republic, he fled to Austria. In the 1920s, he worked in Germany at the instruction of the Communist International. From 1935, he worked for various economic institutes in the Soviet Union, including the Institute of World Economy and World Politics. In 1945, he was the MKP’s representative in Moscow. In September 1945, he returned to Hungary, where he was appointed director of the Hungarian-Soviet Foreign Trade Company. Between 1946 and 1948, he served as the director of the Hungarian National Bank (*Magyar Nemzeti Bank*, MNB). From 1948, he held various positions at the Ministry of Foreign Trade and was the Minister of Foreign Trade between 1954 and 1956. In 1956, he became the director of the MNB again.

³² István Friss (1903–1978) was an economist and Communist politician. Between 1935 and 1936, he worked for the International Lenin School in the Soviet Union. He was then sent to Czechoslovakia, where he became a member of the Central Committee of the Communist Party of Czechoslovakia until the German occupation. In 1941, he returned to the Soviet Union, where he was assigned to Kossuth Radio. Upon his return to Hungary in 1945, he became a member of the MKP and held various financial and economic positions. From 1954 to 1972, he

Hungary;³³ however, the Soviets ignored these requests for a long time, or often sent people who “caused a lot of trouble and compromised the Communist Party more than once.”³⁴ Despite Rákosi’s requests, the first group of cadres arrived as late as September 1945.³⁵ The primary reason for this delay was that the Soviets insisted on retaining experts who held important positions at various institutes, though it is also likely that several of these cadres participated in the preparation of the Potsdam Conference held in July and August 1945, which would explain why they were only dispatched in the fall of 1945.

At the elections held on 4 November 1945, the Independent Smallholders, Agrarian Workers and Civic Party (*Független Kisgazda-, Földmunkás- és Polgári Párt*, FKGP) secured 57 per cent of the votes and won the majority, an outstanding result that obviously threatened the Communist Party’s plans to influence Hungarian economic policy. In order to overcome this hurdle, the Soviets and the Hungarian Communists decided to create a state economic organisation.³⁶ Thus on 22 November 1945, the Central Management of the MKP issued a resolution for the establishment of the Supreme Economic Council (GF), which used to be part of the party’s election program. In said election program, the MKP devised a three-year plan for the reconstruction of Hungary, in which it proposed the establishment of a “three-member ministerial committee” with legislative powers.³⁷ It is likely that the rush to implement the program was due to the unfavourable election results of November 1945.

On 27 November 1945, the Communist Party submitted its draft on the establishment of the GF to the Council of Ministers (*Minisztertanács*),³⁸ which caused heavy protests in the Smallholders’ Party. Nevertheless, under pressure from Marshal Voroshilov,³⁹ chairman of the Allied Control Commission,⁴⁰ the Council of Ministers eventually accepted the

served as the director of the Institute of Economics of the Hungarian Academy of Sciences as well as the head of the state economy department of the Hungarian Socialist Workers’ Party (*Magyar Szocialista Munkáspárt*, MSZMP) between 1956 and 1962. He was also a member of the Central Committee of the MSZMP between 1956 and 1978.

³³ MNL OL, M-KS, f. 274, cs. 10, ó. e. 114. – Rákosi Mátyás levelei Dimitrovnak [Mátyás Rákosi’s letters to Dimitrov], p. 25.

³⁴ *Ibidem*, ó. e. 119. – Rákosi Mátyás levelezése az MKP moszkvai képviselőjével [Mátyás Rákosi’s correspondence with the Moscow representative of the MKP], p. 48.

³⁵ *Ibidem*, p. 48.

³⁶ A Soviet foreign representative report from April 1947 confirms the Soviet intervention. According to the document, the Soviets felt threatened enough to enforce their interests after the elections. In order to secure this, they forced the Hungarian government, through the Allied Control Commission, to establish the GF. *Iratok a magyar-szovjet kapcsolatok történetéhez. 1944. október – 1948. június. Dokumentumok* [Papers for the History of the Hungarian-Soviet Relations. October 1944 – June 1948. Documents], ed. I. Vida (Budapest: Gondolat, 2005), pp. 244–245.

³⁷ *A Magyar Kommunista Párt és a Szociáldemokrata Párt határozatai 1944–1948* [Resolutions of the Hungarian Communist Party and the Social Democratic Party, 1944–1948], ed. S. Rákosi, B. Szabó (Budapest: Kossuth 1979), p. 154.

³⁸ J. Germuska, “Adalékok”, p. 36.

³⁹ Kliment Yefremovich Voroshilov (1881–1969) was a Soviet military officer and politician. Between 1925 and 1940 he was People’s Commissar for the Defence of the Soviet Union. From 1945 to 1947 he was the chairman of the Allied Control Commission in Hungary. In 1953 he was approved as Chairman of the Presidium of the Supreme Soviet. Between 1926 and 1961 he was also a member of the Politburo of the Communist Party of the Soviet Union.

⁴⁰ The Allied Control Commission was established based on the armistice agreement with Hungary of 20 January 1945. The commission was tasked to oversee the Hungarian government and the compliance of the armistice agreement. The chairman of the organisation was Marshal Voroshilov and its deputy chairman was

draft and the GF was given the right to issue decrees, which were considered mandatory for all ministers. Zoltán Vas was appointed as the state secretary of the council, and upon receiving his new assignment, he quickly organised a secretariat from his most trusted men to assist him and expand Communist influence in the new organisation. The three members of the council were Prime Minister Zoltán Tildy from the “right wing” of the FKGP; Gerő, who was the Minister of Transport at the time, and Minister of Industry Antal Bán of the Social Democratic Party (*Szociáldemokrata Párt*, SZDP),⁴¹ which guaranteed a strong leftist influence in the GF from the beginning. It is interesting to note that the promulgation of the relevant law on the establishment of the GF was postponed for two months due to ongoing inter-party quarrels,⁴² but the GF was established regardless and operated illegally until the relevant law was promulgated in January 1946.⁴³

As a means of coordinating the operation of the GF, on 10 December 1945, the Politburo of the MKP issued a resolution on the establishment of an organ within the Communist Party called the State Policy Department (ÁPO). Beyond its coordinating functions, the ÁPO was also tasked with managing and providing information to all party members working in key public positions, and the development of the party’s national economic and state policy plans. As Gerő was considered by many to be the second most important member of the MKP after Rákosi, the Politburo appointed him as the head of the ÁPO and made Gerő’s aide-de-camp István Friss the deputy head of the department. The key members of the department were Gerő, and three cadres with economic qualifications: Friss, László Háy, and István Antos. During their stay in the Soviet Union in the 1920s and 1930s, Friss and Háy spent many years in the service of the Soviet state administration and the Communist International, which made them “tried and tested” experts in their fields.

The organisational structure of the ÁPO developed as follows. The department was originally divided into two committees, the Ministerial Committee and the Main Committee,⁴⁴ where the membership of the Ministerial Committee and the Politburo was essentially the same. The Main Committee consisted of six sub-committees: Legal and Administrative, Public Supply, Industrial, Reconstruction, Cooperation, and Foreign Policy. The Main Committee had more than thirty members, many of whom worked as heads of department and state secretaries in various ministries, which shows that by the last month of 1945, the Communists had managed to place some cadres in state

Lieutenant General Vladimir Sviridov. It was operated by the Soviets, the other Allied representatives only had consultation rights. The commission was disbanded in 1947 by the Paris peace treaty.

⁴¹ In February 1946, the membership of the GF increased to include the Minister of Finance and the Minister of Welfare, but this did not reduce the Communist influence in the organisation.

⁴² The fierce debates continued in the 22 XII 1945 session of the Council of Ministers. The Smallholders’ ministers, and even István Ries, the Social Democrat Minister of Justice, continued to oppose the establishment of the GF.

⁴³ P. Germuska, “Adalékok”, pp. 36–38.

⁴⁴ MNL OL, M-KS, f. 274, cs. 12, ó. e. 23. – Az MKP ÁPO megalakulására és személyi összetételére vonatkozó PB határozat. Mellette munkaterv, Friss István jelentése a gazdaságpolitikai hibákról, az osztály működéséről [The resolution of the Politburo of the MKP on the establishment and composition of the ÁPO. Attached work plan and István Friss’s report on economic policy mistakes and the operation of the department], pp. 3–4.

administration. Judging by the structure of the ÁPO, its work was originally meant to be more diverse, but based on surviving documentation, we can conclude that it primarily focused on economic policy.

Despite the elaborate structure and design of the ÁPO, for several months the department failed to perform to expectations, as evidenced by the reports of the deputy head of department.⁴⁵ On 11 January 1946, Friss reported that the ÁPO was unable to fulfil its tasks, which he attributed to the lack of coordination within the department.⁴⁶ To solve these problems, Friss made a proposal for the reorganisation of the ÁPO, which he justified by the fact that the department was expected to handle major tasks in the upcoming years.⁴⁷ On 18 February 1946, these suggestions were discussed and approved by the Secretariat of the MKP; consequently, the Ministerial Committee was abolished on the grounds that the Politburo was responsible for handling national issues, and any minor issues should be resolved by setting up ad hoc committees. Additionally, the deputy head of department was authorised to apply directly to the Politburo or the Secretariat of the MKP in order to resolve issues that did not require special expertise. The Secretariat of the MKP decided to reorganise the other committees as well, and appointed new leaders with more expertise and spare time.⁴⁸

THE STRATEGY OF THE HUNGARIAN COMMUNIST PARTY DURING THE ECONOMIC STABILISATION PROCESS

Once the Communist Party ironed out the most pressing organisational issues of the ÁPO, the Communist leadership focused their attention on solving the economic problems of Hungary. The first major challenge of their new policy was to stop hyperinflation: by the beginning of 1946, inflation had become so severe that the devaluation of the Hungarian pengő was beginning to strangle and paralyse the economy.⁴⁹ On 7 February 1946, the Politburo of the MKP addressed the issue and commissioned Gerő to prepare

⁴⁵ *Ibidem*, cs. 4, ő. e. 117. – Az MKP Titkárságának 1946. február 18-i ülésének jegyzőkönyve, [Minutes of the 18 II 1946 session of the Secretariat of the MKP], pp. 9–11; *ibidem*, cs. 12, ő. e. 23. – Az MKP ÁPO megalakulására és személyi összetételére vonatkozó PB határozat. Mellette munkaterv, Friss István jelentése a gazdaságpolitikai hibákról, az osztály működéséről [The resolution of the Politburo of the MKP on the establishment and composition of the ÁPO. Attached work plan and István Friss's report on economic policy mistakes and the operation of the department], pp. 15–18.

⁴⁶ *Ibidem*, cs. 12, ő. e. 23. – Az MKP ÁPO megalakulására és személyi összetételére vonatkozó PB határozat. Mellette munkaterv, Friss István jelentése a gazdaságpolitikai hibákról, az osztály működéséről [The resolution of the Politburo of the MKP on the establishment and composition of the ÁPO. Attached work plan and István Friss's report on economic policy mistakes and the operation of the department], pp. 15–17.

⁴⁷ *Ibidem*, cs. 4, ő. e. 117. – Az MKP Titkárságának 1946. február 18-i ülésének jegyzőkönyve [Minutes of the 18 II 1946 session of the Secretariat of the MKP], pp. 9–11.

⁴⁸ *Ibidem*, p. 2.

⁴⁹ War devastation and reparation shipments were the main cause of hyperinflation. From June 1945 to 1946 the price index rose to 400 quadrillion Pengős. The black market value against the USD was 1320 Pengős in July 1945, which devalued to 4.6 quadrillion Pengős by the end of July 1946 (L. Borhi, *Hungary in the Cold War 1945–1956*, p. 149).

the party's economic program,⁵⁰ which the Communists intended to force upon the government as the official economic program of Hungary.⁵¹ In addition, they resolved to set up a preparatory committee whose members were appointed from the ranks of the ÁPO.⁵²

On 11 February 1946, the party's new program titled "Proposals for resolving the country's economic and financial situation" was submitted for debate to the Politburo of the MKP. The draft called for rigorous austerity measures, increased state revenues, and the retrieval of the national gold reserves that had been smuggled to Germany at the end of war; in this manner, it made a good number of proposals that could be justified with the need to balance public finances. However, the program also contained several measures that went beyond economic stabilisation, one of its main purposes was to lay the foundation for the long-term economic strategy of the Communist Party. This included curtailing the authority of the Minister of Finance to reduce the influence of the affiliated Smallholders' Party, mass redundancies in the public administration (justified as the reduction of bureaucracy), the nationalisation of the Hungarian National Bank (*Magyar Nemzeti Bank*, MNB), strict control over the activities of private banks, curtailment of the banking staff, a wage system reform benefitting physical workers to the detriment of intellectual workers, the abolition of jobs considered unproductive, and the introduction of a fifty percent income tax on businesses.⁵³ In short, the objective of the Communist Party was not only the economic stabilisation of Hungary, but the replacement of political and business leaders and administrative officials, as well as the undermining of businesses under the guise of nationalisation.

In the upcoming days, Rákosi and Gerő traveled across the country to popularise the program of the MKP as a government program and the only solution to the Hungarian economic crisis. The first time Rákosi introduced the new program was on 16 February 1946 at the Communist Party's rally in Budapest, where he mostly spoke of stopping inflation, the necessity of a closed economic system, and the nationalisation of the most significant private companies.⁵⁴ Three days later on 19 February 1946, Gerő gave a speech about the program in Miskolc,⁵⁵ where he highlighted the increase of income tax, the concept of a quarterly government budget, and the nationalisation of strategically important mines and factories.⁵⁶

Following Gerő's speech, a heated debate broke out at the 20 February 1946 session of the GF, as Prime Minister Ferenc Nagy and Minister of Finance Ferenc Gordon found

⁵⁰ MNL OL, M-KS, f. 274, cs. 3, ő. e. 23. – Az MKP Titkárságának 1946. február 7-i ülésének jegyzőkönyve [Minutes of the 7 II 1946 session of the Secretariat of the MKP], p. 3.

⁵¹ *Ibidem*, p. 3.

⁵² *Ibidem*, p. 3.

⁵³ *Ibidem*, ő. e. 24. – Az MKP PB 1946. február 11-i ülésének jegyzőkönyve [Minutes of the 11 II 1946 session of the Politburo of the MKP], pp. 5–19.

⁵⁴ M. Rákosi, "Harcolunk a demokráciáért – egyetlen lépést sem teszünk visszafelé" [We Fight for Democracy – Not One Step Backwards], *Szabad Nep* (19 II 1946), pp. 1–2.

⁵⁵ *Ibidem*, p. 4.

⁵⁶ MNL OL, XIX-A-10, d. 9. – A GF üléseinek jegyzőkönyvei (1946. január 4. – március 18.) [Minutes of the sessions of the Supreme Economic Council (4 January – 18 March 1946)], p. 594.

it completely unacceptable as well as illegal that the Communist Party had advertised its undiscussed program as if had already been approved by the government. Gordon condemned the ministers involved for announcing their economic programs separately and without consulting the government, especially since the GF was supposed to create a joint economic program to be approved by the entire coalition.⁵⁷ Beyond disapproving of nationalisation, the planned state supervision of the MNB, and the fifty percent tax on businesses, Gordon was also concerned about the economic propaganda of the MKP, which in his opinion would lead to political destabilisation and scaremongering rather than the improvement of the economic situation.⁵⁸ In response to these criticisms, Rákosi pointed out that the contested proposals, including the nationalisation of strategically important mines and factories had already been included in the 2 December 1944 program of the Hungarian National Independence Front (*Magyar Nemzeti Függetlenségi Front*,⁵⁹ MNFF).⁶⁰ He then proceeded to attack the government's "inadequate efforts" to handle the economic crisis, and referred to the economic program of the MKP as an obvious alternative.⁶¹ Despite these disagreements, however, Prime Minister Nagy expressed hope that further inter-party discussion could create a joint economic plan based on this program.⁶²

Despite inter-party disagreements over the Communists' economic program, on 21 February 1946, the Politburo of the MKP resolved to implement the program starting 1 March and to set up an executive committee led by Gerő.⁶³ As the next step, on 26 February 1946, the GF accepted an economic draft⁶⁴ on issues where inter-party consensus had already been achieved.⁶⁵ The document, titled "Memorandum on the most urgent aspects of the implementation of the economic and financial reconstruction" listed twenty-five points from the MKP's economic proposal and prescribed, among other things, the development of a new wage system, the introduction of a quarterly government budget, the revision of municipal budgets, the monitoring and control of the MNB, the downsizing of administrative and military personnel and the reduction of bureaucracy, the review of the financial burdens posed by war reparations and the development of reparation financing, and the discussion of the issue of nationalisation as soon as

⁵⁷ *Ibidem*, p. 595.

⁵⁸ *Ibidem*, pp. 594–595.

⁵⁹ The Hungarian National Independence Front was a political association of anti-Nazi parties in Hungary from December 1944 to February 1949.

⁶⁰ *Pártközi értekezletek. Politikai érdekegyeztetés, politikai konfrontáció 1944–1948* [Inter-party Sessions: Reconciliation of Political Interests and Political Confrontations, 1944–1948], ed. J. Horváth, É. Szabó, L. Szűcs, K. Zalai (Budapest: Napvilág, 2003), pp. 3–7.

⁶¹ MNL OL, XIX-A-10, d. 9. – A GF üléseinek jegyzőkönyvei (1946. január 4. – március 18.) [Minutes of the sessions of the Supreme Economic Council (4 January – 18 March 1946)], pp. 595–596.

⁶² *Ibidem*, pp. 598–599.

⁶³ MNL OL, M-KS, f. 274, cs. 3, ő. e. 25. – Az MKP PB 1946. február 21-i ülésének jegyzőkönyve [Minutes of the 21 II 1946 session of the Politburo of the MKP], p. 2.

⁶⁴ MNL OL, XIX-A-10, d. 9. – A GF üléseinek jegyzőkönyvei (1946. január 4. – március 18.) [Minutes of the sessions of the Supreme Economic Council (4 January – 18 March 1946)], pp. 917–921.

⁶⁵ MNL OL, M-KS, f. 274, cs. 3, ő. e. 27. – Az MKP PB 1946. február 21-i ülésének jegyzőkönyve [Minutes of the 21 II 1946 session of the Political Committee of the MKP], pp. 12.

possible.⁶⁶ However, even this was not a sufficient compromise for the Communists, so they also launched an offensive against the Smallholders' Party. On 28 February 1946, the Politburo of the MKP made another resolution on economic issues, in which the MKP demanded that the FKGP "purge" the state apparatus as well as implement the nationalisation of the most strategically important factories and the state supervision and control of banks. According to the resolution, Gerő was to address Prime Minister Nagy in a letter and demand that the government make a decision on these matters within the next four days.⁶⁷ The Politburo of the MKP also resolved to change its propaganda tactics: contrary to their earlier approach, the Communist Party now resolved to hold the Smallholders' Party accountable for the current economic situation, and demand the purge of the "reaction" from the ranks of the FKGP as an essential prerequisite for the stabilisation and rebuilding of Hungary in a "democratic" fashion.

In his 1 March 1946 letter, sent to the Prime Minister, Gerő complained that no measures had been taken on the cardinal issues propounded by the reorganisation plans of the Communist Party, and claimed that the adoption and implementation of the MKP's program was crucial for the economic and financial reorganisation of the country in a "democratic way".⁶⁸ Gerő's letter enumerated the most important issues in five points, claiming that the immediate implementation of the necessary measures could not be postponed any further. In his reply, Prime Minister Nagy repeated his statement from the 20 February 1946 session of the GF and added that the government program should be created by harmonising the ideas of the governing parties, since it "would not be desirable if the government accepted the program of one party only".⁶⁹ Nagy drew Gerő's attention to the economic draft accepted by the GF on 26 February 1946, and refuted all accusations of the FKGP's inaction in economic matters. He also questioned the legitimacy of the accusation that approval of the government's economic program was the sole responsibility of the Prime Minister when it actually hinged on prior consultation with the representatives of every coalition party.

The debates between the FKGP and the MKP threatened an outbreak of a serious government crisis, which the Communists decided to resolve by forming an alliance with other leftwing parties to create a "Leftist Bloc".⁷⁰ On 5 March 1946, the MKP entered into a political alliance with the SZDP, the National Peasant Party (*Nemzeti Parasztpárt*, NPP), and the Trade Union Council (*Szakszervezeti Tanács*, SZT), which – under Communist leadership – proceeded to publicly attack the FKGP. The first step was a letter issued on 6 March 1946 to Prime Minister Nagy,⁷¹ in which the Leftist Bloc openly criticised the FKGP's "reaction". According to the letter, "[the reaction] undermines the achievements of

⁶⁶ MNL OL, XIX-A-10, d. 9. – A GF üléseinek jegyzőkönyvei (1946. január 4. – március 18.) [Minutes of the sessions of the Supreme Economic Council (4 January – 18 March 1946)], pp. 917–921.

⁶⁷ MNL OL, M-KS, f. 274, cs. 3, ő. e. 26. – Az MKP PB 1946. február 28-i ülésének jegyzőkönyve [Minutes of the 28 II 1946 session of the Politburo of the MKP], pp. 2–3.

⁶⁸ *Ibidem*, ő. e. 27. – Az MKP PB 1946. március 4-i ülésének jegyzőkönyve [Minutes of the 4 III 1946 session of the Politburo of the MKP], p. 4.

⁶⁹ *Ibidem*, p. 12.

⁷⁰ *Ibidem*, p. 13.

⁷¹ *Pártközi értekezletek*, pp. 196–197.

Hungarian democracy, hinders its further development, hampers the economic recovery of the country, and by isolating Hungary from its democratic neighbours on the verge of peace talks, it causes immeasurable damage to the nation's foreign policy interests".⁷²

The attacks proved successful: under the pressure of false accusations and inter-party consultations, the FKGP eventually accepted the economic plan of the MKP.

On 18 March 1946, the economic stabilisation program submitted by Gerő was discussed by the GF,⁷³ which issued decisions on most of the issues pending and instructed the economic ministries to prepare drafts for the implementation of the government program. As part of these measures, Nagy and Gerő were then charged with the task of developing a reorganisation program by 27 March 1946.⁷⁴ Ironically, on 28 March 1946, the program was first presented to the Politburo of the MKP⁷⁵ – thus showing the heavy influence of the Communist Party on the drafting process. On 6 April 1946, the GF approved the final version of the stabilisation program presented by State Secretary Vas.⁷⁶

Based on the Marxist terminology used in the introductory paragraphs of the approved government program, the Communist Party's viewpoints had prevailed.⁷⁷ According to the introduction, Hungary's resources could not be used economically or for the common good without centralised state control and economic planning,⁷⁸ moreover, it blamed the "rich" in general for the state of the economy and the severity of hyperinflation.⁷⁹ We may conclude, then, that this program was essentially the same as the Communist Party's economic plan discussed above, with only the most criticised issue of a fifty percent income tax and the nationalisation of the MNB left out of it.⁸⁰

During these critical days, on 1 April 1946, Mátyás Rákosi had a meeting with Stalin and Molotov in Moscow.⁸¹ One of the main topics was the stabilization of the Hungarian economy.⁸² There are very few sources available on the details of the meeting. Rákosi hinted in one of his letters to Jenő Varga, that Stalin said to him that the party now should focus its strength on the "economic front".⁸³ It is quite likely that some fundamental strategic

⁷² *Ibidem*, p. 199.

⁷³ MNL OL, XIX-A-10, d. 9. – A GF üléseinek jegyzőkönyvei (1946. január 4. – március 18.) [Minutes of the sessions of the Supreme Economic Council (4 January – 18 March 1946)], pp. 1008–1009.

⁷⁴ *Ibidem*, p. 1008.

⁷⁵ MNL OL, M-KS, f. 274, cs. 3, ő. e. 31. – Az MKP PB 1946. március 28-i ülésének jegyzőkönyve [Minutes of the 28 III 1946 session of the Politburo of the MKP], p. 2.

⁷⁶ MNL OL, XIX-A-10, d. 10. – A GF üléseinek jegyzőkönyvei (1946. március 26. – május 29.) [Minutes of the sessions of the Supreme Economic Council (26 March – 29 May 1946)], p. 187.

⁷⁷ MNL OL, M-KS, f. 274, cs. 12, ő. e. 77. – A kormány 1946. április 7-i terve az ország gazdasági és pénzügyi helyzetének megszilárdítására [Government plan of 7 IV 1946 for the consolidation of Hungary's economic and financial situation], pp. 1–7. The text can also be found here: MNL OL, XIX-A-10, d. 10, pp. 797–806.

⁷⁸ MNL OL, M-KS, f. 274, cs. 12, ő. e. 77. – A kormány 1946. április 7-i terve az ország gazdasági és pénzügyi helyzetének megszilárdítására [Government plan of 7 IV 1946 for the consolidation of Hungary's economic and financial situation], p. 1.

⁷⁹ *Ibidem*, p. 1.

⁸⁰ *Pártközi értekezletek*, pp. 196–200; MNL OL, XIX-A-10, d. 10, p. 187.

⁸¹ M. Baráth, *A Kreml árnyékában*, p. 85.

⁸² The other topics were the upcoming peace talks and the preparation of the Hungarian government delegation's visit to Moscow.

⁸³ MNL OL, M-KS, f. 274, cs. 10. ő. e. 122. – Rákosi Mátyás levelezése Varga Jenővel [Mátyás Rákosi's correspondence with Jenő Varga], p. 41.

steps were discussed during this meeting. Moreover, Rákosi also wrote in his recollections that he managed to persuade Stalin to increase the deadline for completing reparation deliveries from six years to eight,⁸⁴ which had a significant impact on the stabilisation.

Following the approval of the MKP's economic program, the process of economic stabilisation was essentially determined by the ideas of the Communist Party, which meant that from that point onward, most of the proposals for the stabilisation of the economy were written or finalised by the ÁPO and then presented by the representatives of the MKP at the sessions of the GF and other government bodies. For example, on 14 May 1946, the final draft on Hungary's new currency was submitted to the Council of Ministers by Rákosi himself.⁸⁵ Nevertheless, after reaching an agreement in March, all government parties worked together to overcome the economic crisis. It is widely known that a substantial part of the financial calculations had been made by the economists of the FKGP; for example, among others, István Varga,⁸⁶ Jenő Rácz,⁸⁷ and Béla Csikós-Nagy⁸⁸ were heavily involved in the reorganisation efforts. The spirit of cooperation is clear from the fact that there was a significant similarity between István Varga's 24 April 1946 proposal⁸⁹ for the stabilisation of Hungarian currency (which he sent to the Communist Party), and the draft eventually issued by the MKP,⁹⁰ nevertheless, Communist propaganda continued to accuse the FKGP of disinterest and inactivity. At the 17 May 1946 session of the Central Committee of the MKP, Rákosi admitted

⁸⁴ M. Rákosi, *Visszaemlékezések 1940–1956* [Recollections 1940–1956] (Budapest, 1997), p. 264.

⁸⁵ MNL OL, M-KS, f. 274, cs. 12, ó. e. 76. – Az MKP-nak az értékálló pénz megteremtésére irányuló javaslatának különböző tervezetei [Various drafts of the Hungarian Communist Party's proposal to create a stable currency], pp. 12–20.

⁸⁶ István Varga (1897–1962) was an economist and politician. Between 1928 and 1949, he was the director of the Hungarian Economic Research Institute (*Magyar Gazdaságkutató Intézet*, MGI). Between 1945 and 1946, he held various high positions at the Ministry of Reconstruction. In 1946, he became the president of the National Price Board (*Országos Árhivatal*, OÁ), and worked at the Ministry of Industry and the Ministry of Construction as a high ranking official. He was actively involved in the introduction of the forint. In 1948 and 1949, he was removed from his positions due to a series of attacks by the Communist Party; however, thanks to his expertise, he found work at various economic state organisations. From 1953, he served as an external expert for the Ministry of Home Trade. In 1957, he started teaching at the Karl Marx University of Economic Sciences. From the 1960s onwards, he worked as an expert at several institutes of the Hungarian Academy of Sciences.

⁸⁷ Jenő Rácz (1907–1981) was an economist, Smallholders' politician, and the Minister of Finance. From 1939, he held high positions at the Ministry of Trade and Transport and the Ministry of Agriculture. In 1945, he became a member of the FKGP. Between 1945 and 1946, he was an official of the Ministry of Welfare and was involved in the stabilisation process. Between 1946 and 1947, he served as the Minister of Finance. In the first quarter of 1947, he was the Temporary Minister of Construction and Public Works and an advisor to Prime Minister Nagy. During the Hungarian Revolution of 1956, he participated in the revival and activities of the Smallholders' Party.

⁸⁸ Béla Csikós-Nagy (1919–2005) was an economist. From 1938, he held positions at various state administration bodies. From 1945, he worked for the GF and the National Planning Office (*Országos Tervhivatal*, OT) in various high-ranking positions and as such played a key role in the development of the economic stabilisation program and the Three-year Plan. Between 1952 and 1953, he served as Deputy Minister of Local Industry; between 1953 and 1954, he was Deputy Minister of Light Industry, and between 1954 and 1984, he was the president of the OÁ and later the National Material and Price Board (*Országos Anyag- és Árhivatal*, OÁÁ).

⁸⁹ MNL OL, M-KS, f. 274, cs. 12, ó. e. 78. – Az 1946–1947. évi költségvetés kidolgozásával és végrehajtásával kapcsolatos javaslatok, vélemények [Proposals and opinions on the preparation and implementation of the budget of 1946–1947], pp. 27–49.

⁹⁰ K. Majoros, "A múlt század jeles magyar közgazdásza: Varga István (1897–1962)" [A Famous Hungarian Economist of the Last Century: István Varga (1897–1962)], *GTK/IE Műhelytanulmányok* 9 (2003), pp. 33–38.

that reorganisation was only possible in cooperation with the coalition partners, but proceeded to add that in terms of economic reorganisation, only the Communist Party had acted for the benefit of the Hungarian nation,⁹¹ while the other parties sought to serve the interests of their own supporters and class.⁹² Gerő added in a more aggressive manner that the MKP must start an offensive against the “enemies” of the reorganisation and their “fascist conspirators”, claiming that the Smallholders’ Party was not in favour of reorganisation (apart from a tiny minority), and the SZDP showed anti-reorganisation tendencies as well:⁹³ “But each of them are cautious to speak openly. They will choose the way of silent sabotage”.⁹⁴

In addition to its smear campaign against the Smallholders’ Party, the Communist Party also continued to exert pressure on the state administration to extend its influence over economic policy. On 30 May 1946, the MKP set up the Reorganisation Committee (*Szanálási Bizottság*, SZB),⁹⁵ which was charged with the task of controlling the process of economic stabilisation. The establishment of this committee signalled an attempt to overshadow the MNB that was branded as “reactionary” by the Communists. Every important measure was to be discussed by this committee prior to the relevant sessions of the GF.⁹⁶ From June 1946, the committee was also assisted by Soviet advisor Jenő Varga, who was considered one of the most renowned economists in the Soviet Union and maintained close contact with the highest circles of Soviet leadership on account of being an economic advisor to Stalin and a close associate of Molotov.⁹⁷ Rákosi was also close to Varga, whom he considered his friend and mentor; in fact, Rákosi initially intended to make him the head of the ÁPO to spearhead the Communist Party’s economic policy.⁹⁸ From the beginning of 1945, Rákosi repeatedly requested that Varga be allowed to return to Hungary, but his request was denied by the Soviet leadership.⁹⁹ However, after a personal audience with Rákosi on 1 April 1946, Stalin himself endorsed Varga’s temporary stay and counselling in Hungary.¹⁰⁰ During his stay in Hungary between June and September 1946, Varga supervised the work of the

⁹¹ MNL OL, M-KS, f. 274, cs. 2, ó. e. 34. – Az MKP KV 1946. május 17-i ülésének jegyzőkönyve [Minutes of the 17 V 1946 session of the Central Management of the MKP], p. 6.

⁹² *Ibidem*, p. 6.

⁹³ *Ibidem*, p. 51.

⁹⁴ *Ibidem*, p. 51.

⁹⁵ *Ibidem*, cs. 12, ó. e. 25. – A Szanálási Bizottság jegyzőkönyvei [Minutes of the Reorganization Committee], pp. 1–2.

⁹⁶ J. Botos, “A pengő megsemmisülése, a forint születése, 1938–1946” [The Destruction of the Pengő and the Birth of the Forint, 1938–1946], *Múltunk* 1 (2016), p. 194; MNL OL, M-KS, f. 274, cs. 12, ó. e. 88, p. 94.

⁹⁷ Vyacheslav Mikhailovich Molotov (1890–1986) was a Soviet politician and diplomat, and a leading figure of the Soviet government from the 1920s onwards, when he rose to power as a protégé of Stalin. Molotov served as chairman of the Council of People’s Commissars (Premier) from 1930 to 1941, and as Minister of Foreign Affairs from 1939 to 1949 and from 1953 to 1956. He was First Deputy Premier between 1942 and 1957, when he was dismissed from the Presidium of the Central Committee of the Communist Party of the Soviet Union by Nikita Khrushchev. In 1961, after several years of obscurity, Molotov was removed from all positions of influence.

⁹⁸ M. Baráth, *Gerő Ernő*, p. 78.

⁹⁹ MNL OL, M-KS, f. 274, cs. 10, ó. e. 122. – Rákosi Mátyás levelezése Varga Jenővel [Mátyás Rákosi’s correspondence with Jenő Varga], pp. 10–14.

¹⁰⁰ *Ibidem*, p. 41.

SZB and the implementation of the economic stabilisation plan. As a Soviet advisor, he was likely responsible for the enforcement of Soviet interests as well. At any rate, his involvement suggests that Soviet leadership had a vested interest in the success of the MKP's economic policy. One source suggests that other Soviet advisers were also involved in the process, besides Varga. Ernő Gerő in his 15 June 1946 report to the Politburo of the MKP about the stabilization referred to the discussions with "our friends" that resulted a reduction in their burdens.¹⁰¹

In conclusion, the period between 1945 and 1946 was extremely important for the Communist Party on account of managing to consolidate their control over the Hungarian economy. Not only did the MKP successfully exert its influence and stabilise the postwar economy, but they had also laid down the foundations of a decision-making mechanism that can be reconstructed on the basis of available documentation as follows. Based on the strategic goals specified by the Politburo of the MKP, the ÁPO worked out economic policy guidelines, plans, and measures for which the necessary information and data had been obtained through party members working in state administration. The GF then made a decision on the resulting proposals, which were to be executed by the relevant ministries, or rather the Communist Party members working at these ministries. In this manner, the MKP essentially created a multi-level executive and control mechanism that had sown the seeds of the later one-party system.

On 1 August 1946, with the introduction of the Hungarian forint,¹⁰² the most critical chapter of the economic stabilisation ended, and Communist propaganda made sure to present it to the general public as the single-handed achievement of the MKP.¹⁰³ However, their struggle for power was not over yet: though the stabilisation of Hungary's economy had not yet been completed, by the fall of 1946, the MKP started the preparation of their Three-year Plan, another large-scale economic program geared towards greater economic control. This had also signalled the beginning of the definition of new economic policy guidelines, which regarded socialism as a direct goal that was already on the agenda.¹⁰⁴

¹⁰¹ *Ibidem*, cs. 12, ő. e. 79. – Jelentések, feljegyzések, javaslatok a stabilizáció előkészítéséről, és a stabilizációs munkaterv végrehajtásáról [Notes, Proposals and Reports on the preparation and implementation of the stabilization], p. 70.

¹⁰² The Soviet Union and the United States of America also supported the Hungarian stabilisation. In April 1946 the Soviets agreed to the reduction of reparation payments by canceling USD 6 million worth of penalties for tardy shipments of goods and extended the period of shipments from six to eight years, plus Hungary was relieved of the cost of railway line built by the Red Army. Moreover, the Soviet Union deducted the value of Hungarian investment in two Soviet owned mines in Romania. On the other hand, in August 1946 the Americans returned the Hungarian national gold reserve to Hungary (L. Borhi, *Hungary in the Cold War 1945–1956*, p. 157).

¹⁰³ The MKP succeeded in gaining some popularity by re-regulating wages, which favoured industrial workers. On the other hand, the introduction of the forint significantly raised the price scissor of industrial-agricultural products that as a result raised discontent among those living from agriculture (G. Gyarmati, *A Rákosi-korszak: Rendszerváltó fordulatok évtizede Magyarországon, 1945–1956* [The Rákosi Era: Decade of Change of Regime in Hungary] (Budapest: ÁBTL & Rubicon, 2013), pp. 83–85).

¹⁰⁴ MNL OL, M-KS, f. 274, cs. 12, ő. e. 4. – A népi demokrácia gazdasági politikájának új irányelvei, Háy László feljegyzése 1946. szeptember 13-án. [New economic policy guidelines for the people's democracy, a note by László Háy on 13 IX 1946], p. 3.

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The Economic Policy of the Hungarian Communist Party between 1945 and 1946

With the careful examination of available postwar documents of the Communist Party, this paper aims to present the measures taken by the Hungarian Communist Party in 1945 and 1946 to influence Hungary’s economic policy. In the aforementioned period, the Hungarian Communists devised long-term plans for a gradual takeover of political power in Hungary while enjoying the support of the Soviets. The Hungarian Communist leadership tried to create an economic policy that would make the Party itself an integral factor in the stabilization process and thus secure its place in the highest echelons of political power in Hungary. From the beginning, the MKP’s highest priorities were to acquire key political positions and to weaken and disintegrate existing social and political structures. In order to execute this plan, the Hungarian Communist Party created various “instruments” such as the Supreme Economic Council, which was secretly co-ordinated by the State Policy Department of the Hungarian Communist Party.

KEYWORDS

Hungarian Communist Party, MKP, Hungary after the World War II, Economic Policy, Communism in Hungary, Communist Policy

Polityka gospodarcza Komunistycznej Partii Węgier w latach 1945–1946

Artykuł przedstawia szczegółową analizę dostępnej powojennej dokumentacji Komunistycznej Partii Węgier (MKP), ukazując działania podejmowane przez partię w latach 1945–1946 z myślą o wywieraniu wpływu na politykę gospodarczą Węgier. W tym okresie komuniści węgierscy opracowali długoterminowy plan stopniowego przejścia władzy politycznej na Węgrzech z poparciem Sowietów. Przywództwo komunistów węgierskich usiłowało stworzyć politykę gospodarczą, która z ich partii uczyniłaby integralny element procesu stabilizacji, a tym samym zapewniła jej miejsce u szczytów władzy na Węgrzech. Najważniejszymi priorytetami MKP od początku było zdobycie kluczowych pozycji politycznych oraz osłabienie i dezintegracja istniejących struktur społecznych i politycznych. Dla realizacji tego planu Komunistyczna Partia Węgier stworzyła różne „narzędzia”, takie jak Najwyższa Rada Ekonomiczna, której działania były potajemnie uzgadniane z Wydziałem Polityki Państwowej Komunistycznej Partii Węgier.

SŁOWA KLUCZOWE

Komunistyczna Partia Węgier, MKP, Węgry po II wojnie światowej, polityka gospodarcza, komunizm na Węgrzech, polityka komunistyczna

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