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THE HUNGARIAN COMPROMISE: A BALANCE SHEET

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SUMMARY

1. In its attempt to win acceptance in lieu of legitimacy, the Kádár régime's first priority has been to improve the material living standards of the Hungarian people. With the conspicuous exception of housing, it has largely succeeded; Hungarians are, in particular, notably well fed. (Paragraphs 1 - 7).

2. Despite ritual obeisance to 'socialist realism' the régime's policies in the cultural field are relaxed and, with occasional exceptions, liberal. Church/State relations are smooth (too smooth in the view of the Pope and the younger priesthood). (Paragraphs 8 - 9).

3. Beneath an outwardly cheerful surface, however, there are palpable tensions; the nerve-ends of society have not been anaesthetised by material improvements. The régime has been skilful in anticipating rather than reacting to the popular mood: but the tacit compact between Party and people - improved living standards for the latter in return for their acceptance of the former - which is an essential condition of the Hungarian compromise may come under strain before long. Having achieved a plateau of relative well-being, Hungarians - particularly the post-1956 generation - are likely increasingly to question a situation which encourages

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cc Mr Ballard  
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initiative and choice in many fields but denies it to them in the management of their society. This basic anomaly may not cause trouble for the régime while Kádár remains in charge; but when he goes, the Hungarian compromise may fall victim to its own success.

(Paragraphs 10 - 14).

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BRITISH EMBASSY  
BUDAPEST

14 October 1980

The Right Honourable  
The Lord Carrington KCMG MC  
etc etc etc

My Lord

THE HUNGARIAN COMPROMISE: A BALANCE SHEET

In my despatch of 28 July about the relevance of the events of 1956 to Hungary in 1980, I recalled the manner in which the rule of a renamed Communist party was reimposed on the Hungarian people who had for a few historic days thrown off Communism and the Soviet domination which sustained it. In two subsequent reports I described how the Kádár regime has endeavoured to win acceptance in lieu of legitimacy; and the implications which this central objective have had for Hungary's external relationships. In this final report before your Lordship's visit to Hungary at the end of this month, I shall try to assess the extent to which the régime has atoned for its origins in the eyes of the Hungarian people: and its degree of success in achieving a favourable accommodation, so far as the well-being of Hungary is concerned, with Soviet power.

2. By East European standards most Hungarians are, in 1980, comfortably off. Real incomes have more than doubled during the past decade. Although basic salary and wage levels are low (the average is less than £100 a month), few families are dependent on a single source of income.

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The great majority of married women work and maternity leave is generous - three years on half-pay, with the guarantee of a job to return to. In a growing number of industrial and agricultural enterprises productivity schemes and bonuses can add up to 30% of the basic wage to the pay packet. Most importantly, the régime's policy of positively encouraging activity in the "second economy", particularly in the service industries and in the private agricultural sector, makes it possible for a high proportion of the working population to have two jobs. One Hungarian family in two owns a private small-holding of some kind on which fruit, vegetables and livestock are lucratively produced and sold free of tax (60% of Hungary's considerable wine production originates in small private vineyards). Outgoings on holidays and recreation are low: most enterprises operate subsidised holiday schemes and maintain holiday homes or villages and sports clubs for their employees. There is, therefore, no shortage of cash in Hungary. Despite derisory interest rates, savings deposits have grown even faster than real incomes since 1970 - and this does not reflect, as I believe it does in the Soviet Union, for example - a chronic shortage of goods to buy.

3. With two important exceptions to which I shall revert, Hungarians have plenty to spend their money on. First and foremost, they spend it on food, which accounts for over 40% of the average family's income. The fact that memories of extreme deprivation and near-starvation,



Particularly in rural areas, are still relatively fresh. In Hungary may partly account for the Hungarians' obsessive preoccupation with eating. The first law of Brecht's "City of Mahagonny" was: "Poverty equals starvation and its antidote is gluttony". Thanks to an efficient and diversified agriculture, there is plenty of scope for gluttony in Hungary: and one of the regime's first priorities since 1956 has been to achieve and, through price control, to maintain this state of affairs. Hungarian stomachs lack for nothing except sense and moderation in their owners: one-third of the total population is officially classified "obese". Whatever an abundance of cheap foodstuffs may be doing to the health of the population, however, it is a factor of cardinal political importance. As I shall suggest later in this report, it would be a considerable exaggeration to describe the Hungarians as a contented people: but food shortages, whether general or specific, which have in other countries so often provided the catalyst which converts underlying discontents or frustrations into active political unrest, are unlikely ever to be allowed to reappear in Hungary.

4. In other respects the Hungarian consumer's lot is less favourable but nevertheless satisfactory. Delivery periods for private cars, for which a 50% deposit has to be put down on order, range from two to six years; but /registrations



registrations are approaching one million, which means that every third Hungarian family runs a car. Washing machine, refrigerator and television are part of the normal equipment of nearly every family household. Imported Western luxury goods - cameras, hi-fi and cosmetics - are available at a price. Despite sporadic failures of supply, due to inefficient distribution or delivery failures by "fraternal" suppliers, the material needs of the average Hungarian are adequately met.

5. The conspicuous exception is housing. Inadequate investment, bad planning and low productivity in the construction industry have combined to prolong inexcusably the acute housing shortage inherited from the war years and exacerbated by the Stalinist economic priorities of the Rákosi régime. Few young Hungarian couples can hope to have a flat or house to themselves during their first five years of married life. Those - a majority - who wish to own their home rather than rent from the council or the enterprise for which they work often have to wait much longer, particularly in Budapest, to accumulate the necessary down-payment. Most workers can expect to receive interest-free or low-interest loans from their factory or co-operative, and from the State, totalling about half the cost of a three-room flat: but at current prices in Budapest, this still leaves the prospective owner with about 250,000 forints (the equivalent of four years' average wages) to save or borrow. Given that most other material aspects



of life have improved so notably during the last ten years, the authorities are justifiably concerned about the social and political implications of the glaring failure of the system in a sector of central importance to the younger generation.

6. Even in housing, there are some ameliorating factors. For the urban population, on whom the social pressures created by the housing shortage are naturally greatest, the possibility of owning or sharing a weekend or holiday cottage in the country affords significant relief. In Budapest, every second family owns a country retreat of some kind, consisting perhaps of no more than a glorified tool-shed on a garden plot but usually improved over the years into a more substantial and even palatial dwelling. The reluctance of the government to inhibit private building activity by imposing planning restrictions has allowed the region around Lake Balaton, Hungary's greatest natural resource for tourist income, to become, probably irremediably, an environmental disaster area. In the villages, where the operation of the economic reform has produced the greatest increase in disposable income, private houses - built by 'moonlight' labour and with materials obtained cheaply from state farm or cooperative - are frequently spacious and attractively designed. In the absence of a capital market to absorb it, spare cash tends to be lavished on private rural properties to the point of extravagance. The

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contrast with the situation of the urban flat-dweller is a significant source of social tension. It also goes without saying that in a situation of chronic shortage, the property market - whether municipal, cooperative or private - is characterised by rapacity, squalid intrigue and corruption.

7. The second, and less important, exception to the overall improvement in the material well-being of Hungarians is the continuing restriction on travel outside the socialist bloc. I classify this as a shortcoming in their standard of living rather than in their exercise of human rights because the restriction stems from economic rather than political factors: and because travel to the West is something which many Hungarians could well afford and in which the régime would, in most cases, allow them to indulge if it were not for national constraints on hard currency expenditure. As it is, Hungarians are allowed 5,000 Forints worth (about £90) per head of hard currency for travel abroad only every three years, although pensioners may obtain this allocation annually.

8. With one important and one less significant qualification, therefore, the Kádár régime can claim a fair degree of success in raising Hungary's real living standards, during a comparatively short period, to a level which by most criteria of measurement exceeds that of any other member of the Soviet bloc with the possible /exception





exception of the GDR. If material improvements alone, however, were the full extent of the régime's achievement it could not hope to be able to claim the acceptance and hence the security which it craves. Insensitive policies in the cultural field could easily dissipate the political gains of the economic reform. The injunctions to "socialist realism" which feature in most official articles and speeches, including Kádár's speech at this year's Party Congress, have in fact only ritual significance. The importance in Hungary's history of her language and literature, as symbols of national identity and evidence of national vitality, has been central and it is for that reason a particularly sensitive area. There is no institutionalised censorship but inadequate self-censorship by authors and poets can prevent the publication of their work, as was the case with the latest novel of Hungary's most eminent living writer, Gyula Illyes, which criticised the conduct in 1956 of some members of the present régime. Unacceptable works which slip through the publishers' net can be and have been seized from the bookshops by the police. If areas of obvious political sensitivity are avoided, however, Hungarian writers can expect their works to be judged on literary merit, and published or not accordingly. The creative arts, particularly music, the theatre and the cinema, flourish in Hungary without apparent constraints and the results frequently win Western acclaim. There is, moreover, very little restriction on a Hungarian's access to Western visual and dramatic art, although Western literary



imports are more carefully monitored. Theatres in Budapest are currently playing Wesker, Shaffer, Ayckbourn and Brian Clark (in addition to five separate Shakespeare productions).

9. To no area of Hungarian life is the term "compromise" more applicable than to Church/State relations, which Kádár described in a recent speech as "a great historic achievement of our system". The recent official visit to Hungary of the Vatican's State Secretary, Cardinal Casaroli, and the dedication of a Hungarian Chapel in St Peter's have raised the régime's relationship with the Catholic Church to a new level of mutual esteem. This has led to criticism from above and below: the Pope has criticised the Hungarian Church (before Cardinal Casaroli's visit) in an open letter for adopting too low a profile and failing to meet the challenge of Communism, while young Hungarian priests speak bitterly of the Primate and older bishops for failing to stand up for Church rights. The Church/State compromise has won freedom of worship but not freedom from discrimination (particularly in access to higher education) for the third of the population who are practising believers.

10. Despite a relatively satisfactory level of material well-being and, by the standards of authoritarian societies, a lively and unconstricted cultural environment, the Hungarians are not, and certainly do not regard themselves as being, a contented people. They recognise their

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relative good fortune by comparison with their socialist neighbours; but the tensions which lie beneath the cheerful animation, courtesy and outward happiness of everyday life are apparent even to a casual observer. Alcoholism is acknowledged to be a serious and growing problem. The suicide rate, at 6.5% of all deaths, is one of the world's highest. One marriage in three ends in divorce, a phenomenon for which, as for the static birth-rate, the housing shortage is doubtless largely responsible. The prevalence of petty corruption, ranging from compulsive over-tipping, through routine "presents" for the suppliers of items in short supply, to the outright bribery of doctors or lawyers for a priority claim on their attentions is also, it seems to me, a symptom of a society ill at ease with itself and a little short on self-respect. On a more superficial level, the obsessive eating to which I have referred may owe much to a collective folk-memory of starvation on the puszta but also, I think, has a sedative function. The same may be true of the Hungarians' extraordinary consumption of cigarettes, which has been rising steadily for years and now stands at the remarkable figure of 2,340 annually (7 a day) per head of the total population. I am not qualified to assess the real significance of these behavioural characteristics: but they do indicate that the nerve-ends of Hungarian society have not been completely anaesthetized by material improvements.

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11. The Hungarians are not, in fact, by temperament a placid or passive people. They have lively minds and the pre-eminence of individual Hungarians in so many intellectual disciplines and artistic fields suggests that if there were an international IQ rating, Hungary's would be among the highest. The population is neither supine nor stupid: nobody is more aware of this than the Party leadership, hence the studied care with which the Party, under Kádár's guidance, has for the past decade anticipated the popular mood. To the extent that it has been feasible to do so, aspirations have been satisfied and discontents alleviated before rather than after they have been voiced. When it has been necessary to administer unpleasant medicine, such as the consumer price increases of 1979, the measure has been preceded by intensive and usually skilfully focussed propaganda. The essence of the compromise to which the title of these despatches refers is that Kádár's régime has won a wide measure of discretion in arranging internal affairs to Hungary's best advantage in return for the assurance of internal political stability and total orthodoxy in external policies. Its maintenance depends on the tacit compact between Party and people under which the régime has committed itself to the progressive improvement, by whatever means may be necessary regardless of orthodoxy, of the standard and quality of life in return for popular /acceptance



acceptance of the Party's monopoly of power. I believe that this compact may before long come under some strain.

12. While Hungary's living standards, and even the quality of cultural life, have improved dramatically during the past decade, Hungary as a political society is little less deformed than in the aftermath of 1956. For its own good reasons, the HSWP maintains a remarkably low profile: but its control, when it chooses to exercise it, of every aspect of national life is absolute. It is quite true that, as Kádár proudly claims, party membership is not a prerequisite for office-holders at national, municipal or plant level: but the approval of the Party is. Hungarians are better fed, better off and (some of them) better housed than ever before; but they continue to be denied citizenship in the full participatory sense. To an increasing extent, as I reported in my despatch of 22 August on the economy, they are encouraged to use their initiative and to take their own decisions at their place of work. In their daily lives, they enjoy an increasingly wide choice of what to eat, what to wear, what to read or to watch in the theatre or cinema and even of where to spend their holidays. But in the management of their society, choice is excluded. In the parliamentary elections this summer, all but 15 out of 350 constituencies were presented with a single candidate. The same pattern is repeated throughout national life right down to workshop or cooperative

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committee level. Once a candidate for any "elected" position is known to be the Party's nominee, there is scant attraction in opposing him.

13. This situation is, of course, typical of most Communist societies: what is not typical is its juxtaposition with the increasingly un-Communist characteristics of Hungarian society. The anomaly was unlikely to be troublesome for so long as the improvement of his living standards was every Hungarian's priority to the exclusion of virtually all other aspirations. Not only, however, has a high proportion (which is also the best educated) of the population now attained a level of well-being sufficiently high to diminish the urge for further advance; but also the régime has been obliged by external economic factors to proclaim, in effect, a two to three year freeze on real incomes. In these circumstances, and not least against the background of the apparent achievement of a degree of pluralism in Poland, I would expect many Hungarians to become more sharply aware of the debit side of their national compromise - and to question it more persistently. Indeed, I have encountered some evidence among younger intellectuals of impatience with and even revulsion from the whole concept of compromise as such. The generation which is too young to remember 1956 may well react against a life-time of enjoinders to caution, of testing the ice /before



before every step forward, of satisfactory advance in some areas of life but total immobility in others. They may prove difficult to placate with increased imports of Western consumer goods for Christmas (just announced) or titivation of the official Trade Unions (expected in December).

14. Provided events elsewhere in Eastern Europe do not create a catalyst, these tensions are unlikely to come into the open while Kádár remains in charge. He has the authority and commands the respect to steady the Hungarian people if the patience and self-restraint of recent years begins to crack. There is, however, no visible successor who could be expected to manage both the Russians and the Hungarians with the same skill. Kádár's eventual departure (he is 68) could be the occasion for the Hungarian compromise to fall victim to its own success: and for the Hungarian people to challenge the judgement of Gibbon with which I ended the first of these four reports, that "while the aristocracy.....protects the happiness it is superfluous to enquire whether it be founded on the rights of man".

15. I am sending copies of this despatch to H M Ambassadors in Moscow, East Berlin, Warsaw, Prague, Bucharest, Sofia, Belgrade, Vienna, Washington, Bonn, UKDEL NATO and UKREP Brussels.

I am My Lord

Yours faithfully

*Bryan Cartledge.*