

## Hungary: free marketeers and communists lose

On April 9, in the first free elections since 1945, Hungary cast off the communist yoke with a major victory for the Hungarian Democratic Forum, giving it 165 of the 386 contested seats in the new Parliament. The HDF will be the linchpin in whatever coalition emerges from the elections. The remnant of the old Hungarian Communist Party, repackaged as the Socialist Party, which had ruled the country for over 40 years as a satrapy of Moscow (albeit of later date in the somewhat milder form of "goulash communism") suffered a resounding defeat. The Socialists received only 8.3% of the votes. The foreign minister in the Socialist Party government, Gyula Horn, came in second behind an HDF candidate in his district near Lake Balaton. Another leading former communist, Imre Pozsgay, who four months ago had been regarded as a strong contender for President, withdrew after he came in third two weeks ago in his district.

But not only the communists received a stinging rebuke from the voters; also the Thatcherite "free market" liberals went from the elections licking their wounds. The Alliance of Free Democrats, an urban-based party of former dissidents and intellectuals which advocated a rapid transformation to free market economics received only 92 seats in the Parliament and only 24% of the votes. The Alliance also lost heavily in Budapest, which had been expected to be its stronghold. The Alliance had stooped to using smear tactics during the elections, attempting to portray the patriotic appeal of the Democratic Forum as "Nazi propaganda."

The victory of the HDF could mean that the "Hungari-

an experiment" would not so easily traverse the dangerous path taken by the Solidarnosc-led government in Poland. Poland's complete submission to a murderous International Monetary Fund austerity policy, in a plan authored by Harvard's "free market" advocate Jeffrey Sachs, has wrought havoc with the Polish economy. The HDF is also committed to introducing market reforms into Hungary's statist economy, but has clearly indicated that it advocates a careful transition to a market economy and a convertible currency. It has also indicated that it will tightly regulate the privatization of Hungarian industry and use the powers of the state to ease the pain of unemployment. It is also opposed to the debt-for-equity swaps being proposed by the international financial institutions as a solution to Hungary's economic problems.

The party's leader, Jozsef Antall, presented a strong nationalistic appeal calling for a "united Hungarian nation" and promising to protect traditional family values and to look after the rights of the estimated 3.5-4 million ethnic Hungarians living in bordering countries. The party also emphasizes basic Christian values. The scurrilous slander of the Free Democrats about the Forum's alleged "anti-Semitism" appears rather ludicrous, in the light of Jozsef Antall's own background. His father, a founder of the rural-based Smallholders Party in the 1930s, helped save Jews during the war until the Nazis imprisoned him. His son was active in that party when it briefly revived during the 1956 Hungarian uprising, an uprising sabotaged by the failure of the West to respond to the appeals of the Hungarians for assistance. The Forum has also a strong public record in support of Hungary's 80,000 Jews. Antall responded to the attacks of the Free Democrats by saying, "We don't like it when ex-communists teach us liberalism," accusing the Free Democrats of using "Bolshevik" tactics. Antall is referring to the fact that many of the leading people in the Alliance of Free Democrats have backgrounds as radical Maoists. "We have different polit-

## Hungary's role in Europe

List was very favorably inclined to the national aspirations of the enlightened Hungarian nobility. He clearly warned the Austrian government that if it did not place itself at the head of his outlined reform and recognize the national aspirations of the Hungarians, the unavoidable upsurge in Hungary would be used by the Russians against the West. "The wounds of the Hungarian disorder are immediately the most abundant source of weaknesses for Austria," he said, "while an agreement and reconciliation between the government and the people based on a sincere political and economic reform would threaten to put an end to the short-term and long-term threat from Russia."

The Hungarian opposition, in desperate search for help

in its fight against the Austrian autocracy, might be lured into an alliance with the Russians—a development which would spell disaster for the Hungarians. "Russia, itself swollen with its own surplus of agricultural production and standing on the lowest level of culture—how would it be able to have a civilizing effect, by means of its trade, on other barbaric countries, when it has only agricultural products to offer for their manufacturing needs? These countries would only exchange the condition of a mild barbarism and despotism for a harsh one."

The only hope for a rapid industrial development of Hungary would be in a closer economic relationship with Austria and the West, a relationship which would require recognition by the Austrian imperial bureaucracy of the legitimate aspira-

ical roots," Antall said in a recent interview. "We are the two poles of Hungarian political life." Antall describes the HDF as a "European center party" with strong similarities with and ties to the European Christian Democratic parties.

Rejecting any coalition with the Free Democrats, the Forum is holding discussions with the Smallholders Party and the Christian Democratic People's Party to try and forge a strong government coalition. The Smallholders Party won 43 districts, with 11.1% of the vote.

The party wants to move for a rapid integration into the European Community. It has also said that it wants U.S. troops to remain in Europe in order to balance a united Germany and a Soviet Union threatened by instability.

The victory of the Forum met with mixed reactions from the U.S. media. The *New York Times* played up accusations of anti-Semitism. But the real fear of the U.S. Eastern Establishment is that Hungary under a nationalist leadership will not be prepared to sell its industrial patrimony at bargain-basement prices, as demanded by the U.S. financial elite and by their political underlings like Henry Kissinger. The former ambassador to Hungary, R. Mark Palmer, of the Kissinger grouping, is now shuttling between Prague and Budapest, hoping to accomplish just that in the newly liberated countries of Eastern Europe.

But if Antall is successful in creating a strong three-party coalition, the Hungarian government will undoubtedly opt for linking the country with the Paris-Berlin-Vienna railroad triangle now dominating European, and particularly West German, industrial efforts in Eastern Europe, rather than allowing itself to become a low-price bazaar for the financial speculators. At any rate, Hungary has been given a new lease on life by the elections. If the new government moves for industrial and infrastructural projects, it could open up a new era for a rapidly growing Hungarian industrial economy. —William Jones

tions of the Hungarian people.

List distinguished three major political groups in Hungary: the ruling nobility, the agricultural workers of all classes and races, and the residents of the cities, who were at that time deprived of all political rights. Within the nobility there were two basic groups: those who politically lived in the 19th century, and those who lived in the 13th—the educated nobility on the one side, and the peasant nobility on the other. Among the former, especially among the younger members, the "aristocratic-democratic element" was very strong. This element, List saw as the real bearer of his reforms.

Hungary looks on Poland, List points out, "with the same feeling that might seize a noble steed when it has the corpse of another steed in view. It is gripped with fear, it snorts and

stamps its feet, it lurches back, it obeys neither reins nor spurs, neither coaxing nor insults, finally rearing up, threatening to throw its rider." The state of Hungary, however, was "afflicted with the same illness which has killed Poland: with the servility and apathy of the working classes, with the lack of rich, flourishing and free cities and grand industries, and generally, with the lack of a wealthy and efficient *Mittelstand*, that is, an energetic, industrious, thrifty, enlightened, orderly, patriotic and freedom-loving democracy, without which there could never be a wealthy and respectable and powerful nobility, capable of greater achievements and patriotic sacrifice nor a great monarchy which in the long run would be capable of weathering all storms coming from without."

The suspicious attitude of the Austrian nobility and state bureaucracy toward the national aspirations of the Hungarians was creating growing mistrust between the two sections of the Empire. An arrogant imperial attitude toward the Hungarians could only create an irreparable conflict between Austria and Hungary. The development of the Hungarian nation could only be accomplished by an industrial alliance with the industrially more developed nations of the West, in particular with Austria.

Such an alliance, respecting the legitimate national aspirations of the Magyar people, would also have a positive effect on Austria. It would come into closer contact with Hungary's more vibrant democratic life, where the organization of the Hungarian district councils had given the members of the enlightened nobility their first school of politics. In this respect, List understood that Austria was a hundred years behind the Hungarians, and considered it something of an anomaly that the Austrian bureaucracy would want to rule a constitutional republic. He warned the Austrians not to attempt to force their bureaucratic methods on the Hungarians, noting the potential beneficial effects of Hungary's constitutional structure on the autocratic Austria. The example of Hungary could help "place the state bureaucracy in a subordinate position, where, supported by constitutional organs, it could fulfill its mission." The way to such a goal was the "alliance of the government [Austria] with the intelligent and civilized section of the ruling element [in Hungary], in order to subdue the portion of the population still sunk in barbarism and to lead them to reform."

### The Hungarian Company

List called for the establishment of a stock company to be called the Hungarian Company, which would be responsible for the development of a transportation system connecting Hungary to the West. The main artery of this would be a railroad line from Vienna to Budapest, following the Danube River. The construction of railroads and canals would call upon the wood resources in the Slovakian forests, whose increased exploitation in building the new railroads and canals would serve to develop a skilled labor force. Roads and