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The fall of communism changing the regimes in Central Europe in 1989–1990

Abstract. The fall of communism in Central Europe is a historical fact. That experiment, lasting 45 years, ended in 1990. The chain of events, which in Hungarian is called “regime change” or “changing of the regime” served as a topic for numerous studies, analysis, essays. In the past two decades all the significant political tendencies of every country in Central Europe, all the politicians, political analysts, political and economic scientists representing these tendencies had their say about this political turn of the tide, about its causes and consequences. The present historical essay is not aiming at digging out new facts. Its main objective is to give a factual overview of the events that took place 25 years ago (chronologies are being included also for that purpose), to point out similarities and differences, and to describe the connections and inherencies. This effort is offering a possible interpretation of the events connected to the fall of communism. Many of the chief protagonists of that change have passed away, and the number of supporters and eye-witnesses is also decreasing. A new generation, born in those days or later, has grown up. This summary was made for them in the first place, and also for those elders who lived through those events, saw the consequences but still don't fully understand why it happened, and why it happened that way. I recommend this reading to them, hoping it will help them to a better understanding of the connections.

Key words: Central Europe, Fall of Communism, Czecho-Slovakia, Hungary, Poland, Romania, Velvet Revolution.

The political downfall: introduction

The process of changing Central European regimes, in other words, the process of the fall of communism, should be treated as one comprehensive system, since the internal political processes of the five countries to be analyzed — Czecho-Slovakia, the GDR, Hungary, Poland and Romania — were mutually influencing, reinforcing or debilitating each other, so it was not by accident that the collapse of communism in Eastern Central Europe happened at the same historical moment.

Throughout the forty years of “real socialism” these societies considered the Soviet-style Stalinist socialism forced upon them as something alien, not in keeping with their own social traditions, with its aggressive totalitarianism dominating the whole society, its primitive and lying rhetoric, its economic policy contradicting every law and rule of economics, all the while permanently creating an economy of deficiency. And since it is not economic but intellectual and psychological oppression that humans perceive most unbearable, groups of various sizes of these societies rebelled against misguidance, lies, aggressive manipulations, even when the reason for their protests lay apparently in the unbearable social circumstances.

Revolts in these societies were continuous during the four decades of communist dictatorship. Different social groups were voicing their discontent in different ways — according to their own subculture, their socialization and their social position.

The first mass revolts openly aimed against communist dictatorship occurred in 1953 in Berlin and other East German cities, where workers went on strike, and demonstrated. Their action was immediately suppressed with considerable force. This was followed in June 1956 by a rebellion in Poznan, Poland, that ended with a peculiar success. The hated Stalinist dictator Bierut was toppled, and in his place stepped the “national communist” Gomulka. The “success” in Poland notoriously had a great impact on events in Hungary. On October 23, 1956 demonstrating university students chanted “Poland is showing us the way, and on their trail we’re gonna stay”. Though the revolution in Hungary was overpowered by the Soviet military, it remained an indelible dramatic memento in Europe’s subsequent life. After years of bloody reprisal, in response to steady international pressure, in 1963 the ruling power granted an amnesty in Hungary. Most of the imprisoned were set free. The situation of those left in jail worsened, because international public opinion considered the “Hungarian issue” closed. These people were freed only after many years, some only in the 1970’s. Following the Polish example, the Hungarian communists offered a compromise to society. This became the Janos Kadar-led “consolidation”, involving in easing of repression, a gradual decrease in private

life harassments, and the introduction of a “soft dictatorship”, giving birth to “gulash-communism”.

Not independently from the developments in Hungary, in 1965 throughout Czecho-Slovakia an intellectual ferment was in the making, mainly among writers, artists, philosophers and university professors. By 1968 this led to the Prague Spring. The political program of Czech intellectuals was based on a special tactical self-restraint. Namely, from the cruel crushing of the Hungarian revolution they drew the conclusion that it was not worth entering into frontal combat with Soviet communists. It was better to convince them that introducing reforms to existing socialism, transforming the socialist model into something more attractive, creating “socialism with a human face”, was also in their interest. The Czecho-Slovak moves towards reforms were precisely aiming at that. Their attempts to convince did not succeed. Soviet tanks crushed the Prague Spring just as they had done twelve years before with the Hungarian revolution. Retaliation followed, and Czecho-Slovakian society suffered terrible human and intellectual losses.

In the days of the Prague Spring, in Paris and other cities of Western Europe, famous students’ rebellions took place. This influenced students in Poland as well. The agitation of students caused only minor nervousness among the Polish party leadership, but two years later, in 1970 it did not hesitate to use arms to suppress the industrial workers’ revolt. However, they did not foresee that the radical crushing of the rebellion would cause the fall of the party leadership. Gomulka, the “national communist” leader of 1956, had to step down, handing over the rule to Edward Gierek, a “western communist”. Gierek grew up in Belgium, this being an important part in his political background and also in his program for national pacification. Nevertheless, since he was unable to improve the economic situation, within a few years social peace gave way to new tensions.

In 1976 new workers’ rebellions broke out. But this time Polish intellectuals also went into action, granting legal and financial assistance to vilified workers through their newly created organization, the Workers’ Defence Committee (KOR). This was the first step towards the genuine massive social revolt in Poland, the formation of Solidarity.

In 1977 the Czech intelligentsia, protesting against the restored Stalinist-type dictatorship, issued a pamphlet — the Charta 77 Manifest. This proclamation was endorsed by intellectuals in Poland. The Hungarian reaction to it — a declaration of support signed by dozens of leading Hungarian intellectuals — can also be considered the starting point for the radical opposition movement in Hungary.

In 1980 the workers’ strikes in Poland ended successfully. The communist authority was compelled to legalize the independent trade union, named

Solidarity. This was the first mass movement against communist rule, and the system was forced not only to accept its existence, but also to legalize it, in the form of an agreement. Nevertheless, this “tolerance did not last long. On December 13, 1981 there was a military coup in Poland, and the army, led by general Jaruzelski, introducing a state of emergency, restored communist order. Through detentions, imprisonments and assassinations Solidarity Trade Union (by then having almost 10 million members) was forced to go underground, thus debilitating it.

By the beginning of the 1980s, in all the Eastern European countries significant number of groups, organizations and movements had sprung to life, which were “independent” or were professing programs of direct political opposition. Independently of their targeted field, e.g. environmental issues, trade union pluralism, freedom of religion or questions of democracy and rule of law, these organizations were knocking against the wall of communist dictatorship. As time passed, methods of repression and retaliation were changing in the different countries, but the basic relationship between society and power was not. The relationship between the groups demanding democratization (freedom of self-organization, freedom of expression, rule of law, legal stability and similar basic rights) and the basically Stalinist-type communist authorities could not be changed, while communists of Eastern European countries could depend on the Brezhnev doctrine, that is, expect the help of their “Soviet comrades” if socialism was threatened. This situation lasted until 1985.

Gorbachev

After a bunch of old, ill and mentally declining communist leaders — namely Brezhnev, Andropov, Chernenko — a relatively young, vigorous and intelligent party secretary general, in his fifties appeared and shook up world politics. Already in his first manifestations he was showing signs of starting a new era in the Soviet Union. He searched for a way out of economic bankruptcy — called “stagnation” in the communist party language, through social dialogue and introducing certain democratic rights. This provoked surprise and hope or suspicion and fear among different social and political groups.

Gorbachev was a staunch communist and a staunch “anti-stalinist”, coming from a family that had suffered from the terror under Stalin, even having relatives who had died in labour camps. As he explains in his memoirs, he was convinced that it was possible to build a non-stalinist, that is, democratic socialist model.

This Gorbachev-type socialist model was not based on an elaborate or complicated theory. The essence was that under the leadership of a functional, not too aggressive and not too corrupt party apparatus it is possible

to mobilize the goodwill, force and talent of the people. All this — sensibly organized — could be sufficient to lead the Soviet Union out of stagnation, and to set it on the path of economic progress. These were the considerations behind the programs of Acceleration (*uskorenie*), the following Open Social Dialogue (*glasnost*) and Transformation (*perestroika*).

At the start he did not foresee the avalanche these actions were about to hurl upon the state and party leadership, or how freedom of speech would affect a society suppressed for decades, the kind of new tensions created by this transformation within society and the party leadership itself. He also failed to anticipate how difficult it would be to tackle the huge existing problems, without having the right political and legal framework in place. It quickly became clear that “acceleration” makes no sense without the revelation of former errors, and that analyzing the errors and open discussion would lead soon to exposure of the basic errors of the political, social and economic system.

Finding a way through the lack of democracy and rule of law, the unsettled character of the basic social institutions of a democracy, the total absence of a market economy proved to be a mission impossible for Gorbachev. Through Transformation, e.g. “Perestroika” he searched for a new socialist model, based on the people’s activity and creativity that would avoid the social exploitation of capitalism and the errors and shortcomings of market economies. The dismantling of dictatorship led to confusion, uncertainty and chaos, and his opponents exploited this at every step, trying to prove their own theories. So Gorbachev often got stuck between “transforming Russian reality” and his opponents’ arguments.

Gorbachev transformed relations between the Soviet Union and the Central European countries. His decision to announce the end of the Brezhnev doctrine was of global strategic significance. He stressed that the socialist countries could choose the most appropriate measures to solve their own economic and social problems. With that decision he put an end not only to Moscow’s direct right of intervention, but also distanced Moscow from political responsibility. He let go of the hands of old dictators of the like of Honecker, Ceausescu, Husak, Janos Kadar and Todor Zhivkov. These old communist politicians suddenly did not know what to fear more: the dangers of facing their own societies, or the consequences of Gorbachev’s socialist reforms in their own countries. The Czecho-Slovakian comrades, for example, chose their usual path of isolation, and banned selling Russian newspapers in Czecho-Slovakia. Hungary’s political leader, Janos Kadar, with good political insight, simply told one of his collaborators, a Gorbachev-enthusiast: “This man will dig the grave of socialism”. Kadar knew — from his experience of 1956 —, that “existing socialism” cannot be anything else than the dictatorship of the communist party. He expressed this view at several party congresses after 1956. And though it

was in Hungary where the most sophisticated form of communist dictatorship was developed — for example, formal censorship was abolished, transferring it into the conscience of newspaper chief redactors and journalists, writers, and where “gulash communism” and the “happiest barrack” was created — Kadar instinctively felt that socialism would survive only while the directing function and overall controlling ability of the communist party was upheld. That’s why he considered Gorbachev’s pursuits and experiments “life threatening”.

Gorbachev himself considered two Central European countries of special significance: Poland and Hungary. Though he renounced the Brezhnev doctrine, he did not plan to break up “the socialist camp”, dismembering the Warsaw Pact or the CAME (Comecon), instead he wished to modernize them. To achieve this, Poland’s present and future was of key importance. After taking position, he consulted several times exclusively with Jaruzelsky, trying to find a way to end the lasting Polish internal crisis. He had an important role in starting the dialogue between the big adversaries and enemies in the Polish political arena at the turn of 1987–1988. He visualized Hungary as a “small laboratory” where experiments of modernizing socialism were taking place, for example in the field of agriculture, retail trade, in the relative independence of the managers at big state-owned firms. He had already visited Hungary in 1984, while he was the secretary of the Central Committee, responsible for agriculture, to study the “Hungarian model”. He didn’t know what to do with János Kádár, but he followed with sympathy the accelerating Hungarian transformations. He suggested to Imre Pozsgay and his followers “to close ranks with Károly Grósz”.

Gorbachev — recognizing the threat in the American “star wars plan — changed world politics fundamentally, initiating and carrying through a substantial cut in the enormous Soviet and American nuclear arsenals. This was prompted on the one hand by his recognition of the historical necessity, that is, the recognition of the technological superiority of the USA, and on the other, by his own principles. Gorbachev pursued “antropomorphous” relations not only in home affairs but in his foreign policy, too. He seriously believed in the possibility of “peaceful coexistence” between countries of different social systems, in the balance between competition and cooperation, in the inevitability of war and the global historic chances of socialism.

He pursued balanced relations with the key influencers of international politics of the time — with Bush, Kohl, Thatcher, Mitterand — because he wanted to incorporate the western model into the Soviet Union. He did so wishing to save socialism and because he believed in a cooperation among partners of equal rights.

The economic legacy of communism

Situations and processes

After the fall of communism in Central Europe, that is, after 1989–1990 it immediately became clear what kind of legacy was left behind by the fallen regime in the region. Since then, during the past 30 years there have been a lot of rumours, delusions or deliberate distortions about this legacy, left to the new governments and the democratic regimes. Therefore it may be reviewing what really happened during the first years of democracy in these countries.

Mainly we are searching for the answer to what extent was the economic situation a determining factor, that is, whether there was or could have been any alternative to the resulting economic transformations. Are the criticisms correct, saying the first democratic governments could have done more in this aspect, could they have represented their citizens' interests to a better extent?

Reviewing the legacy of communism it is recommended to start with the most common indicators of the state of the economy.

The movement of the gross domestic product, that is, the GDP is a very obvious mirror to an actual state of a country's economy, even if we know that the structure of the GDP in 1988 was quite different from that of 1994. Nevertheless it is a fact that the countries of the region suffered heavy economic downturns during the first years of regime change. The extent of this relapse slightly differed in each country, its course in time was also different, but its character was very similar. The biggest downfall — not surprisingly — happened in Romania, where the slump by 1992 reached 28% of the 1989 GDP. The cumulative decline in Hungary was 18% between 1989–1993, in the Czech Republic it was 20% between 1990 and 1993, in Poland it reached 18% between 1988 and 1991. To the south and to the east of Central Europe, that is, on the territory of the Soviet Union and on the Balkans the decrease was even bigger, at times reaching 40%, and in some countries even 60%.

After the political changes the biggest shock was caused by the disintegration of the Soviet Union (1991), by the non-arrival of payments for delivered exports, and by the interruption of due import deliveries every now and then. Economists of Central Europe were not counting on the imminent bankruptcy, on Russia's insolvency, on the sudden disappearance of export markets and on the uncertainty of imports. Though the termination of CAME (Comecon) was on the order of the day, the economic shock was not caused by the intention to take this administrative step, but by the disintegration of the Soviet Union. In 1991 Russian imports fell 50%, and Russia's export also fell by 25%. All of Central Europe was seriously affected by this sudden narrowing of export possibilities, and also by the uncertainty or even absence of deliveries of imported goods. During the "final settlement" between Russia and Hungary in 1992, when the Hungarian Government tried to settle the question of the

consequences of Russian military occupation (damages to the environment, the stocks of real estate, etc) by mutual consent, the Russian side recognized a cca two billion dollar debt, without any intention to pay it, or to compensate it with energy exports. Thus, finally, Russia compensated Hungary by swiftly modernizing the Hungarian airforce — delivering MIG29 aircrafts.

There is no real difference between reformist and hardliner socialist countries as far as economic output, that is, as far as the initial decrease of the gross domestic product and the pace of the subsequent recovery is concerned. Yugoslavia, experimenting with reforms got into serious debts as early as the eighties. The inflation there reached several digits, the German Mark practically took over the functions of the local currency, so the country reached the nineties with an equally, or even more alarming package set of problems, than the member states of the CAME.

Hungary's situation was no better than that of its neighbors. Economic legacy of the Hungarian reform-socialism was not easier to manage, than the bequest left by the communists of Czecho-Slovakia, who had always tried to keep reforms out. The Visegrad countries, of a similar level of development, got through the first phase of the regime change with the same dynamics, showing similar decrease of their GDP, and after 2–3 years, growing at the same pace.

We see similarity in the inflation figures too. In the socialist countries, the system of government-fixed prices could withhold the inflation for a while, but the misbalances resulting from this central price regulation came hand in hand with periodical central “price corrections”. (In Poland these price-corrections were the main cause of workers' revolts.) The inflexible price system obviously had a distorting effect on market supply and demand, and also negatively affected quality). The measures taken to put an end to this situation — the liberalization of prices led to a significant, one-time increase in inflation in all the post-communist countries. So in this aspect there were no big differences either between reformist and rigid socialist economies.

Reforms in Yugoslavia and in Hungary showed many similarities. In both countries the communist leaders tried to experiment with linking the one-party system with certain elements of market economies, in the hope to create a sustainable “new model”. The result in Yugoslavia was catastrophic: the initial level of yearly consumer price index of 10–12% jumped to 19% in the seventies, in 1989 reaching 1200% per year. In Hungary the cumulative price increase between 1968 and 1975 was just 16%. After 1975 it started to rise and by 1989 it reached 17% per year. Meanwhile in 1989 more than 200 billion forints, that is, one third of the country's budget was spent on producer and consumer price support. So what the new Hungarian government inherited was unsustainable public finances, combined with a significant threat of inflation.

The Polish government, with finance minister Balcerowicz at the front, immediately introduced a “shock-therapy” (made infamous since then), that is, a radical method of putting an end to shortage economy. The main elements of this policy were: huge devaluation of the currency, liberalization of prices and wages, and a monetary policy aimed at limiting the amount of money in circulation. As a result of such a “package” early CPI in 1990 rose to 586%, the average wage grew 400%, and the amount of money in circulation increased “only” 160%. Nevertheless, the real problem was not the one-time “price-explosion”, but the prolonging high inflation. It wasn’t until 1997 that the inflation in Poland decreased to under 20%.

Czech and Slovak data on inflation also show that a one-time adjustment was simply inevitable; the price had to be paid. Inflation in Czecho-Slovakia in 1991 was around 60% and it took long years to decrease to 10%, by 1997. In the region at the time this result counted for a genuine success.

The Hungarian government, beside the aforementioned budget misbalance and inflation threat, also inherited a third burden, which was the foreign debt of the state sector. These three factors made the state leaders contemplate whether it was really possible to maintain the operability of the economy.

In the case of Poland and Hungary, mounting foreign debt culminated in deep indebtedness. While in 1990 gross foreign debt in Hungary reached 21 billion dollars (that meant 65% of the GNP), in Poland it came to 82 billion US dollars (49% of GNP), Czecho-Slovakia had a smaller burden of this kind, reaching only 8 billion dollars (18% of the GNP). Debt management of that time is still the subject of debate in the political discourse of Hungary. According to a recurring opinion, the Antall-government was not doing enough to reduce the amount of debt. Not like the Poles... So it seems worthwhile to recall in further detail, what happened and what could have happened in this field.

Poland became insolvent early on in the first half of the nineteen-eighties, but the political leadership of the era could not come to terms with the creditors even after long negotiations — mainly because of the lack of economic policy guarantees. The Mazowiecki-government openly declared, that rescheduling the foreign debt is one of the pillars of its economic transformation package. Though the political atmosphere was much more favourable than in the case of previous Polish governments, the negotiations brought some — not negligible — success only by 1991. Public creditors from the Paris Club agreed to a singular write-off of 50% of the Polish debt. In exchange Poland had to adopt the economic policy of the IMF, and also come to an agreement with the London Club of private banks about the rescheduling of the debt. The Polish government could sigh with relief, though risk analysts kept qualifying Poland as “risky” for investment for years to come, thus discouraging a considerable

part of private investors. So the Polish economy was paying the price of re-scheduling and debt relief indirectly, during a longer period.

The rate of indebtedness of the Hungarian economy at the end of the eighties was even higher than Poland's. In the spring of 1990, when the Antall-government took office the situation reached crisis level. Banks of the Soviet Union reported payment problems, Bulgaria declared insolvency, and the rest of the countries of the region were just taking the first steps on the road of difficult transformations. Arabic and Austrian banks withdrew their deposits from Hungary, while German and Japanese banks were watching with concern whether Hungary would declare insolvency, too. Some measures of the Németh-government, for example the facilitation of travelling abroad led to a massive outflow of hard currency of one hundred million dollars. In the autumn of 1989 the Németh-government published the real figures of foreign debt, which were shocking not only because of their volume, but also because they showed that in this respect all previous data had been heavily falsified. This fact involved an immediate sanction from the IMF, in the form of Hungary having to make a significant one-time payback to the international organization. At that moment the country was running out of liquid currency, the reserves of the National Bank of Hungary were enough only to cover importation costs for only a couple of weeks. Hungary was on the verge of insolvency, that is, financial bankruptcy.

The new government, turning down other strategic concepts, decided to preserve solvency and thus, international creditability, undertaking all the difficulties involved. This Hungarian economic strategy of handling foreign debt, formulated then has been in vigour up to now. Essentially it means that solvency should be maintained through capital imports and increased economic performance, at the same time reducing foreign debt, whenever possible. This strategy formed part of the government program, which foresaw Hungary's future within the euro-atlantic integration, mainly in NATO and the European Community, and for this reason wished to prove our creditability and reliability in these directions. There were more than political, historical and moral reasons behind this policy. Hungary's credit rating given by the big credit rating agencies — then and still now-, has direct economic consequences, from the price of loans, to the ability to attract capital. The Hungarian government opted for this strategy in order to rapidly increase foreign direct investments, and through this, to promote economic growth — instead of rescheduling the foreign debt.

Another topic for enduring, recurring debates is privatization. This was — and still is — not only an economic, but also a heavy social and thus political issue. In afore discussed countries, the three governments chose three different methods to modernize the outdated, technologically obsolete corporate

structures. The metaphoric question about modernization was “How to make a clear water filled aquarium out of fish soup”, that is, to exchange opacity to transparency, to clear business, property and market relations. The problem of transformation of “state”, that is, “public” property aroused big emotions both in Poland and Hungary, and the political divisions originating from this question still exist even today.

Nobody doubted the necessity to privatize. The fundamental question in the three countries was “who should be the new owner”. The problem also involved the question of compensation and the return of properties, that is, the full or partial return of properties to those from whom the communist system illegally robbed properties before. These two tasks were interrelated, since the compensation could be implemented clearly only from existing public property. The three Central European countries handled the compensation issue in three different ways, according to their own situation. In Poland there was no compensation. The upper hierarchy of already in 1989 had a fierce political debate on this issue between supporters of transferring the companies to the workers and those who stood for the direct involvement of private investment capital. This discussion and difference of opinion went on in Poland during the first 5–6 years. The numerous subsequent Polish governments took fluctuating positions on the issue, depending on their political colour and the situation of the country on the international capital markets. Czecho-Slovak, and later the Czech privatization, as the Hungarian one, developed along different principles and practices.

Looking at the statistics of 1995, one can observe the following: in the Czech Republic 50% of the privatization was done through coupons, 5% through sales, and 2% through the compensation scheme. In Poland 3% through sales, 14% through the form of employee ownership, and 6% through coupons. In Hungary 40% (!) of the privatization was done through sales, 2% through employee ownership schemes, and 4% through the compensation scheme. As far as the coupon method is concerned, any citizen of the country could buy a booklet of asset tickets at a nominal price. During the privatization of a company these asset tickets could be exchanged to ownership rights. This ownership right meant a very limited quota of property, and real ownership was practiced by the mutual funds that gathered and used those coupons in high quantity. This method of privatization was relatively popular in Czechia and it did not cause any political tension. Nevertheless, through a gradual concentration of the assets tickets, the ownership of the privatized companies in the space of a few years went from the hands of millions of people into those of a few big owners.

In Hungary, beside fulfilling the expectations within society, another important motive of the privatization was to maximize the income it was generating for the state. As we already pointed out, the country was teetering

on the edge of bankruptcy, the government was in a quasi-emergency situation, so any foreign "buyer", or investor bringing in new capital was a sought after, very welcome partner. Every successfully "privatized" (that is, sold to foreign owners) Hungarian company meant a triple relief — it was reducing the burden on the budget (the losses did not have to be financed from the common purse), it meant direct immediate income for the budget, and the introduction of modern technologies and company management methods into the Hungarian economy. The Czech economy, with a much more reduced level of public debt, did not have a strong need to resort to this solution. In Poland, up until 1994 foreign investments were rather slowed by the negotiations on debt-rescheduling, and by Poland's credit rating.

So the Antall-government could not provide the majority of the people with property — unlike the Czech model. But it could keep the heavy public debt balanced, and also initiated the modernization of the country's economy. Data from the five Central European countries (Czechia, Slovakia, Romania, Poland, Hungary) show that in the 1989–1995 period approximately 50% of all direct capital investments came to Hungary. Significant part of these investments were linked to privatization, another part belonged to portfolio investments and greenfield investments in industry and services. Middle size and big international companies considered Hungarian economic policy and practices of that period favourable for their penetration into the region, and their activity was steadily maintained in the 1990s.

The rapid and sizeable capital imports, which in some years reached as high as 9–10% of the GDP, also resulted in significant social and welfare problems. A large portion of the employees of the privatized and modernized enterprises were immediately laid off, boosting unemployment, a concept unfamiliar up to that time. The unemployment ratio in Poland, Slovakia and Hungary jumped from 0% in 1989 to the 10–15% zone. This phenomenon increased the burden on the budget, that is, harmed the internal financial balance, and for example in Hungary caused such political and social tensions, that — combined with other factors — led in 1994 to the fall of the governing Hungarian Democratic Forum, and to the overwhelming victory of the Hungarian Socialist Party, which based its very demagogic electoral campaign on a nostalgia for the Kadar-era.

Logical connections, determining factors

After the review above we can repeat the question: was there a real alternative to what happened in Central Europe? Could any of the countries, or eventually the whole region chosen a different path?

To answer this question we should start with refreshing the wider picture. The only person among the protagonists of world politics, who since the mid-

dle of the nineteen-eighties had any ideas about what to do with the existing stagnant, essentially bankrupt socialism — was, maybe Gorbachev. American politics wished to facilitate the fall of communist regimes simply by increasing the arms race, starting the deployment of arms in space. The political leaders of the West-European countries only had one goal in mind: the preservation of stability. Gorbachev, as it has been mentioned already, set himself the goal of reforming and modernizing communism, not terminating it. However, his firm principles that apriori excluded any military intervention in the ongoing transformations of other socialist countries, also meant that the countries eventually abandoning the “road to socialism” would not be returned to it by force; meaning that those countries had the opportunity to search for their own way out of the crisis.

Though most of the reform-inclined socialist politicians of the mid-eighties clearly saw the difference between the economic performances of the CAME and the European Community, and the difference in the living standards of Western and Eastern Europeans, the question whether “existing socialism” could or could not be reformed was not an already decided issue. Numerous political and business analysts thought and professed that instead of following the Western model, the countries of the region should take a “third way”. This imaginary model contained elements of workers self-governance, forms of employee ownership, turning “state” property into “national property” — instead of the dominance of western, profit-oriented capitalist ownership forms. But Central Europe’s heavy socio-economic legacy, the consequences of forty years of communist power, and the heavily preconditioned situation of the region narrowed the number of possible options for every country. These were pressured to choose between fixed alternatives, and that practically set the course to follow.

For Poland and Hungary the exorbitant foreign debt was overwriting any other concern. Poland entered the democratic world practically insolvent, that is, with a bankrupt state, and had to make quite an effort to put its ruined economy, obsolete industry and disarranged internal market back on its feet, while in the meantime reach an agreement with its foreign creditors about the best way of handling the enormous foreign debt. The modernization of the economy demanded the involvement of new capital and transfer of technology, as for the debt-management they needed Western partners.

Hungary, as shown above, was balancing for years on the verge of bankruptcy. The collapsing Russian market, the economic bankruptcy of the other member states of the CAME, the obsolete structure of the Hungarian economy and its poor productivity, the reproduction of deficit — all these forced the Hungarian government to get rid of its poor legacy and to start modernizing everything it could, as rapidly as possible. It had to struggle in parallel on

several fields: to maintain solvency, to pay back the forthcoming due parts of public debt, to maintain the foreign trade balanced producing goods that sell on the world market, to this end bring enough capital and technology into the country, to implement a legally defensible, constitution-friendly privatization program, and to deal with the social tensions caused by the transformations, with the unemployment, and with all the other consequences of poor economic performance — e.g. inflation. Czecho-Slovakia's economy was subject to the same determining factors, except inflation. Economic and social indicators were also behaving very similarly, as explained above.

In this environment, there were not so many possibilities to experiment with a new, “own” way”, introducing new employee ownership forms instead of involving foreign capital and opening to Western (IMF) influences. It also seemed impossible to develop some kind of “Central European autarky”. And let's not forget: expectations of the public also guided the politicians towards the “western way”. Most politicians were deeply convinced that Central Europe should find its way back to where it historically belonged: “from the eastern kind of Europe to the western kind of Europe”. Though most of Central Europe's leading political economists like the Czech Vaclav Klaus, the Polish Leszek Balcerowicz, József Antall and his circle never refused the idea of a Central European economic cooperation (proof to this is, for example, the formation of CEFTA, the Central European Free Trade Agreement), they all professed that a regional cooperation can only be transitory and complementary, until all these countries have full accession to the euro-atlantic structures, namely NATO and the European Union. The ironic metaphor for CAME/ Comecon (“nine skinny cows are milking each other”) clearly showed what public opinion was on the perspectives of cooperation among countries with obsolete and backward economies. Consequently, there was no significant political force in any of these countries, that would not see the future of the region in anything else than catching up with the “capitalist, free-market and democratic” world. At that time almost nobody wanted to notice the dark side of that world, and not because of mental restrictions, but because the western societies were facing looked insignificant in comparison with the tragedies, grievances and troubles suffered during the forty years of communist rule. Nowadays, having our own direct experiences of 25 years of the anomalies of “existing capitalism”, we have a more differentiated picture of western market economy, its virtues and serious defects. But it would be very unjust to demand retroactively from the protagonists of the regime change our present knowledge and experience. Especially, being well aware that in most of the cases there were no real and foreseeable alternatives to the decisions taken by them.

Conclusions

The fall of communism and the transformation of Central Europe happened in one historic moment, in 1989–1990. No political leaders of any of the countries could resist the current of history. The unpopular or directly hated communists could not maintain power after direct Soviet support ceased. They were swept away by their own people, by their own society, sometimes even by their own comrades.

The events described above happened that way due to the combined effect of several factors. The most important one was a change in the policy of the Soviet Union, that is, the new political pursuits of Gorbachev. Renouncing the pursuit of any direct violent intervention, “letting the Central European countries free”, he liberated the inner forces of these countries, which in turn, enforced the fall of communism there.

It is interesting to play with the idea of what could have happened, if it was not Gorbachev who took the power in Moscow, or if he had been overthrown within two years and the hardliners would have come back. Probably it is true, that communism would have collapsed anyway, but maybe not so peacefully, gently, “velvet-smoothly”. The agony of the system could have lasted for years, and the collapse could have taken much more human lives. (Recalling Western Europe’s unpreparedness, cautiousness and passivity, it becomes difficult to imagine only one, unambiguous end-result to the process.)

The next important “regime changing” factor was the Central European opposition as a whole, including the independent and alternative movements. These movements – circles of intellectuals, Christian based communities, environmentalist groups, traditionalists’ associations, youth organizations – they had been all pushing the communist power towards democratization in each Central European country. Their strength varied, their methods were changing, they had varying degrees of influence, but their final pursuit, the rejection of the system of “existing socialism” and the creation of a Western-type democratic society – was identical. These groups knew about the existence of the others, they were connected, they encouraged and helped each other. Ideals, guiding their actions were the same. They all wanted to lead the region back from Europe’s Eastern periphery to Central Europe, linked organically to the West.

In all the countries, communist nomenclature played a peculiar role. In the second line, behind the oldest and “fiercest” leaders, there stood the young pragmatists, ready to take over the power. For them communist ideology was not serving a reliable compass anymore, they were guided exclusively by practical considerations. Some politicians were acting on the ground of a moral endeavour to lead their country out of the crisis, others were simply trying to survive, or to make use of the possibility of financial gain. In the five countries discussed nowhere remained any significant political force that would set the

goal of fighting to save “existing socialism”, or maintain the dictatorship of the communist party.

The United States of America — under the presidency of Ronald Reagan — initiated a new arms race, forcing the Soviet Union to its knees, winning the Cold War. In each Central European country US ambassadors “were following actively” local political and social developments, they maintained relations with the different opposition and independent groups, and tried to influence political protagonists according to instructions of their government. The visit of President George Bush to Poland and Hungary in July 1989 gave an enormous impulse to independent and opposition forces, at the same time offering a political horizon for the reform-communists, too.

Western European political leaders were much more cautious. They did not promise anything, were not encouraging anybody, they were worried about any eventual blow to stability. They were afraid that in Eastern Europe action turns into what they later saw in Yugoslavia. But when the communist system collapsed everywhere in the region, the European Community and NATO through different catch-up programs, established institutional relations with all the countries of the region, facilitating their euro-atlantic integration.

The changing of the regime developed in every Central European country differently. Their social background was different, the scenarios also were different. Nevertheless, one can find common elements in them. Thus, the bigger part of the written media supported the changes as soon as it could, and became a catalyst of the reform process. Another common feature is that the forces pushing towards the change of regime did not start revenge campaigns, they did not want “blood”, did not let emotions get out of control. (We already touched upon the scenario in Romania.) This moderate approach did not include consciously a third common feature of the political processes — namely, that communist leaders, who in each country ruined the lives of thousands and millions of people, even causing the deaths of numerous people, practically escaped the transition without being punished. Finally, another common hallmark of the changes was that young communists rapidly transformed into socialists and social-democrats, later successfully participating in the political battles of the following two decades, even several times obtaining governing positions.

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Падение коммунизма и изменение политических режимов в Центральной Европе (1989–1990)

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Аннотация. Падение коммунизма в Центральной Европе уже исторический факт. Эксперимент, продолжавшийся 45 лет, завершился в 1990 г. Цепочка событий, которая на венгерском языке обозначается как «смена режима», послужила темой для многочисленных исследований, аналитических работ и эссе. В последние два десятилетия все значимые центрально-европейские политики, политологи, эксперты и ученые-экономисты говорили об этом политическом повороте, о его причинах и последствиях. Настоящий исторический очерк не ставит своей задачей выявить новые факты. Его главная цель — дать фактический обзор событий, которые произошли 25 лет назад, указать на сходства и различия, а также описать связи и обусловленности. Это попытка интерпретации процесса падения коммунизма. Случившееся тогда, теперь история. Многие из главных героев тех перемен скончались, число очевидцев также сократилось. Новое поколение, рожденное в те дни или позднее, выросло. И поэтому это резюме сделано в первую очередь для них. А также для тех людей, которые проживали эти события, видели последствия, но все еще до конца не поняли, почему произошло так, а не иначе. Я рекомендую этот текст им, надеясь, что он поможет лучше понять это время.

Ключевые слова: Центральная Европа, падение коммунизма, Чехословакия, Венгрия, Польша, Румыния, бархатная революция.