

# Socialist Democracy

## *Directed Democracy and Social Vision in Socialist Hungary, 1956–1989*

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► **Abstract:** Socialist democracy appeared in the theory of democracy as an eminently non-western form of democracy in the period of de-Stalinization in the Soviet Union and Eastern Europe. The concept of socialist democracy based on the theses that can differentiate socialist democracy from liberal or parliamentary democracy: (1) the unity of the power of the proletariat, led by its vanguard political force of the communists, and (2) the setting of the framework of democratic decision-making in the field of labor. Socialist democracy was indeed a form of directed democracy beyond that it had systemic aspirations to create an alternative socio-economic model. This article aims to trace the historical-semantic formation of socialist democracy and discuss its main institutions in the years of post-totalitarian socialist Hungary between 1956 and 1989. What is remarkable in the case of Hungary is that the development of socialist democracy was accompanied by economic reforms to the planned economy from the first half of the 1960s. Thus, socialist democracy focused on the democratization and institutional system of the workplace, mainly as factory democracy and cooperative democracy. With the liberalization and capitalization of socialist economy in the eighties, however, these forms failed to manage the problems of economic incentives and social atomization.

► **Keywords:** Cold War ideology, communism, dictatorship, directed democracy, Hungary, socialist democracy, workplace democracy

Most of the political regimes of the twentieth century have had their own aspirations for democracy, often in some form qualified by an adjective (Collier and Levitsky 1997). Historical forms of communism, whether totalitarian or authoritarian, spawned a wide range of concepts of democracy, such as “Soviet democracy,” “proletarian democracy,” “people’s democracy,” “socialist democracy,” and even the conceptual chimera of “democratic dictatorship.”

Clearly, the idea of democracy, as the “rule of the people,” was never disavowed in socialist and communist ideological language. During the



years of the Cold War, this basic lexical meaning of democracy coincided with the western idea of democracy, yet the opposition between the two ways of conceptualizing of democracy was obvious. The political linguist Walther Dieckmann argued that the semantic contest is not between the formal definitions of democracy but between their presuppositions. These presuppositions were the differentiating factor between the rival conceptions of democracy, and the differences are present in the elements of the concept of democracy in contextual uses. For Dieckmann, this ideological mode of interpreting the presupposition of a political concept engenders the phenomenon of ideological polysemy, which was the basic semantic condition of Cold War ideological conflicts (Dieckmann 1975; see also Klein 1989). Similarly, Walter Bryce Gallie (1955) had a description of essentially contested concepts as an internally complex entity and in its constituent elements variously describable, and democracy can be analyzed as one of the most contested political concepts in history (Hidalgo 2008), functioning in rival ideological frameworks (Freeden 1996).

Thus, socialist democracy was an ideology-driven conceptualization and framing of people's sovereignty and popular rule in state socialisms and its meaning and functioning can be analyzed in its own historical and political context. In order to accomplish this, the presuppositions of the central elements of the concept of socialist democracy can be problematized thus: Who is the subject of this kind of democracy, and how can the people rule in a socialist society? The ideologues of socialist democracy gave a different answer to these questions than that formulated in the doctrine of liberal or parliamentary democracy. From the perspective of contemporary theories of totalitarianism, of course, socialist democracy was a mere rhetorical phrase of Communist dictatorships, that is, a democratic guise of a non-democratic power. While socialist democracy was indeed a form of directed democracy, beyond that it had systemic aspirations to create an alternative socio-economic model.

There are two theses that can differentiate socialist democracy from liberal or parliamentary democracy: (1) the unity of the power of the proletariat, led by its vanguard political force of the communists, and (2) the setting of the framework of democratic decision-making in the field of labor, that is, in the materiality of the life of the workers. Except as part of the theoretical debates on the post-WWII "people's democracies" (Skilling 1951a, 1951b) or "popular democracies" (Rieber 2009), the idea of democracy in a socialist state reappeared not merely as a symbol of political doctrine and rhetoric but as a political tool and ideal only after the death of Stalin in the Soviet Union and Eastern Europe.

This article aims to trace the historical-semantic formation of socialist democracy and discuss its main institutions in the years of

post-totalitarian socialist Hungary. The case of Hungarian socialist democracy is not unique, considering that socialist democracy was an alternative to liberal democracy in the decades of the Cold War. In the Soviet Union and the state socialisms of Eastern Europe it was an important element (for the USSR, see Medvedev 1975; for Yugoslavia, see Horvat 1982 and Franičević and Uvalić 2000; for the German Democratic Republic, see Scharf 2019) as well as in the People's Republic of China following the reforms of Deng Xiaoping (Chan et al. 2016; Paltemaa 2007; Peng et al. 2017). What is remarkable in the case of Hungarian socialist democracy, and where its model is comparable to others, is that the development of socialist democracy was accompanied by economic reforms to the planned economy from the first half of the 1960s.

In the first part, I will analyze the semantic change in the concept of socialist democracy from the middle of the 1950s to the end of the 1960s. The second and third parts focus on the institutional system in the two micro-level forms it took in everyday life: factory democracy and cooperative democracy. While the electoral system of socialist Hungary allowed only one party list to be elected, thus elections functioned as a symbol of the unity of the people of Hungary, the focus of democratic decision-making was aimed at the fields of labor. At the end of this article, I will return to the 1980s, the years of the final crisis of state socialism.

## The Heyday of Socialist Democracy

Socialist democracy as an ideological concept and political practice appeared in the period of de-Stalinization following Nikita Khrushchev's speech at the 20th Congress of the Communist Party of the Soviet Union (CPSU). Like in the Soviet Union, the Communist parties of the Eastern bloc found themselves in a state of political and ideological uncertainty as a result of this process initiated from Moscow. As the point of reference, Khrushchev's speech condemned the Stalinist personality cult; this formed the ideological basis for Communist parties in the Eastern bloc, from where they could launch their own de-Stalinization strategies and political programs. Socialist democracy was thus conceptualized first as a tool of party politics to bring party organizations and their apparatuses into the orbit of de-centralization and later, democratization. The de-Stalinization of these Communist parties proved to be a huge task, in terms of the great numbers of party affiliates, their organizational breadth and the nesting of parties in the state bureaucracy, as well as the challenge of changing the attitudes and personal relationships of the vast number of party cadres toward politics and power.

In the summer of 1956, the Central Committee of the Hungarian Working People's Party (HWPP) dismissed its first secretary, the harsh Stalinist Mátyás Rákosi, and elected Ernő Gerő as a new leader who acted as the herald of a cautious process of de-Stalinization in the Hungarian Communist Party. A resolution issued at this time by the Central Committee, entitled "With party unity for socialist democracy!" can be considered the program of the new leadership. It focused on the "democratization" of party life by encouraging political debates at all levels of party organization, de-bureaucratization and the enforcement of "democratic centralism" not only in the party but also in its satellite organizations (youth movement, trade unions, women's organization, etc.) and state institutions (HWPP 1956). In fact, the new party program was a desperate political step to hold together the factions of the HWPP and halt the fermentation of political life. Even before the 20th Congress speech, during the first term as prime minister (1953–1955) of the reform-minded Imre Nagy, several forums and reform-minded groups emerged where the questions of international politics, the future of Hungarian socialism, and the problems of the economy and of culture were discussed in a manner that was unregulated by the governing party. This activity of the civil society was the prelude to the anti-Stalinist Revolution of October 1956, which swept away, for a while, the HWPP's leadership with the concept of a "democratized" party. During the 1956 revolution the party and its organizations were dissolved and János Kádár and his colleagues, under the new name of Hungarian Socialist Workers' Party (HSWP) launched its reorganization only after the Soviet invasion in November 1956.

Along with the reorganization of the Communist Party, the leadership of the HSWP began the ideological reconstruction of party rule, corroborating its weak political legitimacy at the lower level of party organizations. In this way the Politburo of the party continued where the previous party leadership had left off with their ideological work and reiterated the political and ideological struggle against personality cult and Stalinist "dogmatism," but added revisionism. The first secretary of the party, János Kádár, in an article in May 1957 used the notion of socialist democracy as a middle course between Stalinist dogmatism, which exaggerated the practice of centralism and alienated the party from its members, and the anarchy and "petite-bourgeois indiscipline" of revisionism. Kádár stressed the latter, linking it to the 1956 revolution whose leaders stepped up with the promise of "true democracy" (Kádár 1957: 1). The means for the two-fronted ideological struggle were "democratic centralism" in the party and state institutions and "socialist legality," which represented the working class, criminal justice, and the monopoly of the party on legislation. At this point, the ideology of the early Kádár era

connected socialist democracy to the dictatorship of the proletariat and explained their relationship by means of the dialectic and dynamics of the politics of the revolutionary party. This dialectical meaning was explained in a 1957 speech by Gyula Kállai, Politburo member and cultural minister, in the following terms:

Marxism-Leninism claims: socialist democracy is democracy only for the working people; for the enemies of the socialism, it is dictatorship. The reclaiming of abstract "democracy" without any class-definiteness implies the reclaiming of bourgeois democracy. A society where capitalist elements have not yet perished which reclaims abstract democracy, assists in the restoration of capitalism. (Kállai 1957: 18)

In this meaning, socialist democracy is simply the power of the proletariat, and the party, that is, the vanguard of the ruling class, exerts this power against class-enemies and "counter-revolutionaries." By this logic, the main domain of democratization could only be the mass movement, the party of the communists.

From late 1956 to 1962, the source of democratization would be the party, the bearer of the people's sovereignty. For the leaders of this party, interpreting this as real democracy derived from the decisions and practice of party organizations. According to the official ideology of the re-organized party, the power of the workers creates the institutions and mechanisms where the rights of the workers will be enforced.

In its earliest formulations, socialist democracy meant the power of working people, often formulated as a proletarian democracy, exerted by the Communist Party. In a secondary meaning, social democracy referred to a tradition of workers' movements and party life, or more precisely it was an attempt to revive the pre-Stalin practice of arguments and debates in party organizations. Only after the 8th Congress of the HSWP in November 1962, where the leadership of the party announced the laying of the foundations of socialism, did the concept of socialist democracy rise to a central position as the official ideology of Marxism-Leninism. This signaled that the process of collectivization of the agriculture, which had often been coercive before 1962, had finished and that the retribution following the 1956 Revolution had also come to an end. In ideological life, the party moved away from the dictatorship of the proletariat toward a socialist democracy, which extended to society as a whole and to its public organizations. In the beginning, this concept of socialist democracy aimed for Khrushchev's "all-people's state," proclaimed by the Soviet Secretary General in the 1961 program of the CPSU (see Kanet 1968). Similarly to the Soviet efforts, the party aimed at a socializing socialist democracy based on the broad participation and mobilization of the people in public

administration, economic production, and cultural life. This vision represented a society made up of a multitude of self-governing communities, always under the control of the ruling party, and, according to the Marxist-Leninist ideologues, this kind of society would multiply its efficiency in agricultural, industrial, and cultural production.

This large-scale plan for a self-governing socialist democratic society was thwarted in Moscow by the toppling of Khrushchev in October 1964, which caused some uncertainty among Hungarian communists, but the preparations for the reform of the planned economy and its ideological founding also relied on the concept of socialist democracy. At this time Hungary was not the only socialist country where the reform of the economic system was initiated; in a similar vein, the German Democratic Republic (Segert 2014) and Czechoslovakia (Kosta 1989) implemented market mechanisms and introduced more sensitive pricing processes into their economic system. In the new economic mechanisms, socialist democracy was intended to play a significant role and therefore ideological work paved the way for these concrete economic steps. In Hungary, intense ideological conferences followed the publication of the Central Committee of the HSWP's ideological guidelines for the coming years. "Despite the results achieved, socialist democracy is not yet sufficiently established," claimed this document (HSWP CC 1965: 13), which was disseminated and studied in all the basic organizations of the party. Its further development, though, did not mean the liberalization of party-centered decision-making. This is clear from the document's definition of socialist democracy:

Democracy is the political form of the system of the state. Socialist democracy—a proletarian dictatorship, a state of the people that represents the workers against a declining number of hostile elements and other pests. Socialist democracy is meant to express the needs of honest workers, who make up the vast majority of the country's population, while liberalism makes concessions to the small minority. Liberalism is not an intensification of democracy, but the opposite. The development of socialist democracy is at the same time a struggle against liberalism. (HSWP CC 1965: 13)

The *Ideological guidelines* continued to emphasize the further development of the established institutions of socialist democracy and the semantic status of the concept of socialist democracy in the context of economic reform, enriched by the interpretations of decision-making at the level of state corporations, agricultural cooperatives, cultural organizations or in local affairs. The concepts of decision (making), interests,

and consciousness were added to the vocabulary of the power-centered language of socialist democracy.

In what context could these concepts of socialist democracy have been dominant in the ideology of Hungarian communists? In early 1964, Rezső Nyers, the head of the economics group that was planning the economic reforms, published a study on the results and tasks of the current five-year plan. In this study Nyers takes stock of the results achieved in terms of economic productivity, compared to the potential for growth in living standards expected of the plan. In order for the rise in living standards to become a reality, and thus for the Communist authorities to break with the Stalinist doctrine of state accumulation, the Hungarian economy must perform better in terms of productivity. At this point, the planned economy can no longer do without information from the bottom, that is, from the company and plant level, and in some areas it must encourage the extension of economic decision-making to the company's middle and lower managers and employees. Only the "corporate approach" and the "economic approach" can fulfill the desired plans uniformly. According to Nyers, this can be aided by the "development of the Marxist economic consciousness of the masses," which means "reaching the economic minimum" and "broadening the economic horizon" as well as "understanding the historical, political and social processes" of the socialist state (Nyers 1964: 17–18).

However, the dialectical conception of interests and consciousness within an ideological framework becomes a logical cycle. Here, the interests expressed in a decision can only be directed interests, and the manifested consciousness can only be imagined as a directed consciousness. In short, interests are right when they are focused on society, and consciousness is right when it is socialist. As Nyers wrote in the party's official journal in the year the reform was introduced:

With the development of direct democracy, three levels of decision-making remain: the decision of the people as a whole, the decision of the collective (group) and the decision of the individual. All cases should be decided where their interests are most directly expressed. . . . What does it mean? To replace the system of institutions based on multi-stage representative democracy with direct democracy wherever possible. Economic reform, through decentralization, is a powerful step in this direction. (Nyers 1968: 17)

According to the ideologues of the party, socialist democracy culminates in the humanization of the socialist system and the fading away of the functions of the dictatorship of the proletariat.



The idea of socialist democracy enters the ideological system of the regime with the intention of facilitating political inclusion. The democracy of the party, elections, social organizations, and production units, be they producer cooperatives or factory organizations, were aimed at increasing the intensity of expression and debate. The intention of those in power was for inclusion to create a social base that is inclusive and, as György Aczél, the leading politician of cultural politics in connection with socialist democracy in Hungary, stated, protects those who have been mistaken in the past (1969: 37).

## Factory Democracy

Factory democracy was one of the elements of workplace democracy within socialist democracy. Workplace democracy was a comprehensive concept embracing the procedures and institutions of socialist democracy that have an impact not in the political field but in industry, agriculture, public administration, education, services, scientific, and even cultural work. As a part of workplace democracy, factory democracy referred to the workplace democracy of industrial labor, and as such was the democracy of the proletariat, the ruling class of the socialist state. At the same time, factory democracy was also a key area of the democratization effort of the socialist era, although this democratization remained only partial due to the constraints of one-party rule and its monopoly on the key economic decisions (Kiss 1975: 137; Erőss 1977: 40).

The development of factory democracy thus began as an indirect, representative institution and, at the same time, in the direct, basic democratic form of small working groups. However, the rudimentary forms of factory democracy were criticized many times from the early 1960s onward, mostly for their formal nature, the lack of interest in them on the part of the workers, the reluctance of management to act, the lack of financial resources, and the fear that any criticism aired would “backfire” later. These forums could not be completely free spaces of discussion; discussion of political issues was generally restricted in the sessions of factory councils and in production meetings. In the process of developing these socialist democratic frameworks, it became clear that the intention of the regime was to differentiate them from the workers’ councils formed in the 1956 revolution. Factory councils and production meetings were limited to the issues of planning and the control of production, while the freely organized workers’ councils of the 1956 revolution had openly taken on a political role and aspired to represent workers at the national level (Lomax 2006).



Factory democracy was not, of course, a Hungarian “invention”; it was ubiquitous in the countries of the Soviet-led Eastern bloc, on a smaller and larger scale. In Poland, for example, the form of the workers’ councils remained in force, while in Hungary this form was too bound up with memories of 1956. For example, by the mid-1970s the forums of factory democracy in the Soviet Union had reached the point where some fifty million workers’ opinions about the next five-year plan were aggregated and surveyed. According to the experts and ideologues of the HSWP, the Yugoslav self-managing model, on the other hand, differed from the system of factory democracy in other socialist countries. In Yugoslavia, they claimed as a condemnation, companies were led by a direct decision-making system without the mediation of party organizations, with the trade union being pushed into the background and without the participation of other advocacy bodies outside the company.<sup>1</sup> In the Soviet model, as in Hungary, both indirect and direct forms of representation were part of the system, and trade unions played a growing role in representing interests within plants (Buza 1969; HSWP CC 1969).

In the most common model, factory democracy worked in the area of basic decisions, such as the organization of labor collectives or socialist brigades, while the top management was still the responsibility of the one-person leader. It was mainly the questions of distribution that fell to the manager, and in many cases the management did not take into account the operation of factory democracy but instead, following established managerial practice, it neglected the will of the majority of the workers. However, the interests of the leader and the interests expressed in the factory democracy forums of industrial democracy had to be reconciled. The image of a self-conscious worker and a responsible, democratic leader outlined by the ideal participants of a factory democracy foreshadows the idea of an ideal company in the socialist era. On the one hand, the company needed to be a field for reconciling interests, resolving the differences between conflicting interests. At the same time, the company also had to function as an economic unit in line with socio-economic interests (Buza 1977; Herédi 1977; Héthy 1980; Poros 1977).

Ultimately, in the 1980s, several factors led to the breakdown of the model of factory democracy. Criticism focused on the sustainability of the model and, in addition to uneconomical productivity, on possible reductions in spending on advocacy, welfare, and cultural benefits. In the early 1980s, to ameliorate the critical trends of the domestic socialist economy, and in order to preserve social peace, the authorities legitimized the so-called second economy. This meant an increase in the number of intra-company work communities in large state-owned enterprises, as many workers took second shifts in economic work communities, using

the means of production of the company for individual gains. The possibility of a “second job” and self-exploitation promised an increase in personal income for company workers, but this form of recapitalization and prioritizing of private prosperity cultivated values that were opposed to politically self-conscious workers and collective forms of decision-making. In the mid-1980s, to save the idea of collective leadership, corporate councils were mandated in state-owned companies, which, according to the initial idea, would have created a real form of self-government by “democratizing corporate governance” in the socialist economic structure. Both company management and employees would have been represented on company boards. However, this model was not able to properly design its own procedures, and by the end of the 1980s, it could not meet the requirements of burgeoning market liberalization (Csillag 1983; Kozma 1982; Práger 1986).

## Cooperative Democracy

As we have seen, the collectivization of Hungarian agriculture was completed between 1958 and 1961. This entailed that the majority of smallholders with their own land were incorporated into local agricultural cooperatives, using persuasion, propaganda, and administrative repression by party organizations. Only some 6 percent of smallholders remained outside the system of agro-cooperatives. At the beginning of the 1960s, it was necessary to increase the productivity of cooperatives as, due to the rapid transformations, they were achieving lower average yields than before. This downturn adversely affected domestic industry and did not allow the political leadership to achieve its goals of gaining legitimacy by meeting consumer needs.

At the turn of 1961–1962, therefore, a new reform process began in the cooperative sector, which set several goals: the creation of a new price, tax, and financial system; the revision of the management organization of cooperatives; and the preparation of a new agricultural law. Agricultural reform went hand in hand with the work of reforming the new economic mechanism. This process ended in 1967, when a law on agricultural cooperatives was adopted that confirmed the principles of the resolution of the HSWP Politburo in October 1966 (Varga 2021: 107–145; see also Swain 1985: 83–132).

This resolution proved to be a crucial document for cooperative democracy because it clarified the basic rules of agricultural cooperatives: the concept of membership in the cooperative, members’ responsibilities, procedure in cases of termination of membership, and so on. The

same resolution regulated the role of public administration in the life of cooperatives, the organizations of cooperatives at territorial and national level, the authorizing of market garden-style production (*háztáji*) as well as the role of the statutes of cooperatives, rights, and the obligations of their general meeting, committees, and management (HSWP 1966).

With the collectivization of private lands, a new form of ownership emerged that differed from private and state ownership, and which constituted group ownership. It was a later law in 1967, the fourth, which allowed group ownership to be introduced after the removal of arable land from the line of means of production necessarily collectivized in the socialist state order. Cooperative group ownership thus became legally a separate form of ownership in socialism, in addition to private ownership and total population-state ownership. Thus, everyone who was a member of a specific agro-cooperative jointly owned part of the group property. This principle of equality of membership and the phenomenon of group ownership were adopted and strengthened in the reform processes of the 1960s. The economic reasons for this were simple; group ownership and membership equality increased the members' interest in cooperative productivity. Later the party considered purely unit-based payroll accounting, which followed the Soviet "kolkhoz model," to be reformed and further developed in the early 1960s. Alternative producer-based billing systems were tried in each producer cooperative with the consent of membership.

According to the official ideology of the Kádár era, cooperative democracy was part of the system of socialist democracy, and along with factory democracy, it was the most important form of workplace democracy. Cooperative democracy, however, differed significantly from factory democracy. The difference lay in the form of group ownership and the rights of membership discussed earlier. These rights were apparent in the most important institution of cooperative democracy: the general meeting. At the general meeting workers had the right to discuss and decide on all issues concerning the cooperative, with the exception of the issue of dissolution or suspension of the cooperative. The latter shows that, in spite of all the ideological theory, the autonomy of the agro-cooperatives was far from being complete. In the absence of general meetings or between the two general meetings, sub-general meetings were held, at which only a limited group of the members always took decisions. In large-scale agro-cooperatives, especially after the wave of centralization in the 1970s, it became almost impossible for every member to participate in general meetings. As a result, new institutions of cooperative democracy were established, whereby delegate elections and assemblies were held. The use of the delegate assembly system became more common

during the 1970s, but legislation had not regulated the new practice by the end of the decade (Csomor 1980).

## The Decline and Fall of Socialist Democracy

Rezső Nyers, some twenty years after the economic reform, in 1986 in *Acta Oeconomica*, the English-language economic journal of the Hungarian Academy of Sciences, wrote the following:

If we attempted to measure the frequency of notions and terms nowadays used in Hungarian public life, the palm [sic] would in all certainty be won by “socialist democracy” and “economic” efficiency. It does not, however, follow that either of these notions is always used exactly and in the same sense in everyday life. (Nyers 1986:1)

It was at this time, in the midst of an evolving economic crisis, that the idea of reform returned in the thinking of party intellectuals. As one of the leading figures of the New Economic Mechanism in the 1960s, Nyers felt it was also necessary to discuss socialist democracy as a political instrument for a new reform era in the second half of the eighties. The ambiguity mentioned in the foregoing citation, though, was inherent in socialist democracy not only in the late years of state socialism but also from its birth in the middle of the 1950s. Indeed, one of the ambiguities around the concept of socialist democracy concerned its relation to efficiency in a state socialist economy.

From the late 1970s onward the HSWP and its experts were struggling with the problem of incentives in a social system determined by the ideological doctrines and institutional background of socialist democracy. First, to solve the problems of socialist democracy, HSWP encouraged institutes of social research to analyze socialist society as a complex system, adapting the approach of structural functionalism, and refine the mechanisms of socialist democracy. Thus, in this late era of socialism, the system did not need an ideology to mobilize the masses but to conform with and encourage social functioning. The tensions that had arisen between economic and social interests were reflected in the political system through the channeling of interests, and the task of the political leadership was to bring about coherence. Politics thus appears as a ranking process, an element in a hierarchical system, the operation of which fundamentally influences the existence of other subsystems and interest organizations. For this reason it is important to bring interests to the surface, to allow them to collide in public forums so that compromises

can be found. For this purpose, in the socialist system, the Communist Party has an appropriate institutional and apparatus background, and in the developed socialist system, there are various organizations and institutions that exist alongside the party. This is because the party and its organizations are able to “objectively hierarchize” interests. A well-functioning socialist democracy can be an antidote to over-centralization mechanisms, which would eliminate individual autonomous interests, and socialist democracy can provide guarantees and publicity for political mechanisms (Pozsgay 1978).

Socialist democracy thus reemerged in the late 1970s as an ideological program for the renewal of the political system and the social relations of socialism. This social program sees the political system in motion, declaring that the socialist system alone is capable of engaging different interests. However, the center of this system remains intact. The question of party democracy, with its real weight, was on the agenda in the 1980s, but it was a question that paradoxically destroyed the unity of ideology and with it the last great utopian enterprise of socialist democracy and the socialist system. In 1985, after the 13th Congress of the HSWP, the leadership wished to expand the party’s legitimacy within the limited forms of the democratization program. The party leadership and party affiliation would have preferred to carry out the democratization of the party according to the old logic. However, this would have meant only limited democratization, as the disintegration of the party was considered to constitute the crisis of the entire socialist system (Németh 1986).

In the second half of the 1980s, the Soviet and Polish examples rendered the dynamism of policy-making with the strategy of presidentialization of leadership looking forward to the predictable political transitions. Wojciech Jaruzelski has previously placed the center of power outside the party in Poland, while more and more members are leaving the party following the success of Solidarity trade union and the 1981 state of emergency (Kemp-Welch 2008: 302–331). In the Soviet Union, Gorbachev preached new strategies of thinking and openness while successfully getting rid of the remnants of the Brezhnevian Communist Party and putting his own team first (Mawdsley and White 2000: 195–240). Meanwhile in Hungary, despite emphasizing the need for an intensive exchange of views and consensus within the party, potential leading politicians fought tactical struggles with the elders of the party and then with each other. The party, thus, was engulfed by the struggle of groups and factions while state institutions emptied and society became estranged from political leadership (Tóké 1996: 253–304).

In spite of restructuring its socio-economic program from 1986, the problem of incentives remained unsolved by the ruling party. Moreover,

it turned to the problem of the representation of interests. The corporate reforms that took effect in the mid-1980s made economic logic a priority over the social functions of corporations. The corporate councils created by the reform blundered into the indifference of workers and were much more about reconciling the interests within the management rather than the practices of workplace democracy. In the sector of agricultural cooperatives, the managerial approach also became dominant over institutional forms of socialist democracy. The erosion of ideology in the last years of the system has already shown an unstoppable trend among the party apparatus. The dogmas of Marxism-Leninism had already been discredited for the citizens in the previous decade, but in the late 1980s, political plans for reforming the socialist system and democratizing it also failed. In the practice of the party, it had been constantly forced to make concessions in connection with the liberalization of the economy. Its direction turned more toward deregulation and the de-politicization of the economy than a systematic democratization of labor and society. In a last-ditch move, some leftist theoreticians of the party and other intellectuals made an attempt to transform socialist democracy into democratic socialism, with the democratization of the political system (multi-party system, free elections, representative parliament, independent legislation and trade unions) combined with some of the institutions of socialist democracy (this debate was played out in articles in the journal *Társadalmi Szemle* from 1987 to 1988). In the same period, political programs have emerged which, compared to previous reform ideas, proposed radical changes to maintain social cohesion. New political parties were founded and traditional parties banned for decades were re-founded, and professional organizations and independent trade unions voiced their political opinions (Tőkés 1996: 361–398). The problem of incentives and social interest accumulated in the democratization of political life and disintegration of political institutions. With the fall of the state party and the erosion of the Communist center of power, the maintenance of the system of socialist democracy became obsolete, giving way to regime change, political pluralism, and liberal democracy.

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## ► NOTES

1. In fact, similar problems arose in the Yugoslav model as in the Hungarian case, i.e. the conflict of interest between the management and the workers. While the former would have used corporate resources for development

purposes, the latter for wage increases. Not to mention that the working members of both the directors and the leadership and workers of the workers' councils were also members of the communist party, the League of the Communists of Yugoslavia, so political considerations had a great importance in decision-making. I would like to thank the anonymous reviewer of this text for this comment.

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