Conclusion

Squaring the Circle?
The End of the Welfare Dictatorships in the GDR and Hungary

The book has discussed the rise and fall of the welfare dictatorships in three main chapters: in the formative period when political reforms and a compromise with the working class were still on the agenda of the party in both countries, in the 'flourishing' period of the 1970s when the standard-of-living policy provided for the political stability of both regimes, and the declining phase of the 1980s; and the third chapter investigated the relationship between the working class and the political power. The Hungarian case study illustrated the process which triggered the social crisis of the welfare dictatorships as the failure of the standard-of-living policy undermined the legitimacy of the ruling regime. Lastly, in the fourth chapter, we compared how the workers of the two countries evaluated the welfare dictatorships in retrospect. The similar chronology of the welfare dictatorships suggests that in spite of the differences in the political climate and the trajectory of economic reforms in the two countries, there is a greater similarity between the two regimes than what is assumed in the national literature of these two countries, which tend to underline the specificity of the East German or the Hungarian regime. The comparative study of the party's policy towards labour in both countries, however, showed that there were essential similarities between the functioning of the two regimes and the accommodation of working-class demands. The relationship between the party and the working class likewise followed a similar trajectory in the two countries. These similarities explain the lack of political activity of the working class during the reign of the welfare dictatorships and after the collapse of these regimes.

The book interrogated the question of why the East European socialist regimes, which claimed to reign in the name of the working class, had lost the political support of the workers. I sought to show that the period

of economic reforms of the 1960s was crucial for the formation of a social settlement between the ruling Communist parties and the working class. The party refused to change the power structure; instead, it offered economic concessions to the workers. Financing these concessions took the regimes beyond their economic means, and this provided the background to the collapse in the authority of the regime during the 1980s. The chapters of the book followed the history of the welfare dictatorships in a chronological order. In the elaboration of the conclusions I will use a thematic order to discuss three main issues. These are: (1) the similarities in the party's policy towards the working class in the two countries, (2) the development of the relationship between the working class and the Communist parties, and (3) the evaluation of the results of the welfare dictatorships in the GDR and Hungary, and the political balance of the two regimes in the eyes of their working classes. The three themes are, of course, interrelated but I seek to avoid repetitions.

The history of welfare dictatorships started in the 1960s. The possibilities of extensive industrialization were exhausted; this was reflected not only in the social dissatisfaction of industrial workers (this is a euphemistic formulation since dissatisfaction triggered a revolution in Hungary!) but also in the deteriorating economic indexes (and these were officially published data). Both countries experimented with the reform of their planned economies (they were not the only ones in the region) in order to increase the efficiency of socialist economy. The restoration of capitalism was, of course, not on the political agenda; the reforms were in fact far even from the establishment of a socialist market economy. The East Germans thought that if they gave greater independence to the enterprises, this would result in a 'quasi-capitalist' competition among them, which could substitute for free market. Hungarian reformers developed an enterprise reform along the same lines. Nonetheless, in its original, radical form the Hungarian reform sought to extend the private sector, thus giving further concessions to capitalism. A socialist market economy could, however, only be a bold dream, even in Hungary.

What did the reform policy communicate towards the working class? They probably understood little of the great objectives. The great majority only saw that the managers demanded more and better quality work from them, while the government sought to decrease real wages.[1] Furthermore, in the Hungarian case workers had to witness the enrichment of other social classes (managers and peasants), which added fuel to their anti-reformist mood. The 'dogmatic' communists could easily exploit the general dissatisfaction of industrial workers in both countries. True, reformers also promised to increase the welfare of the population, but only after the reform policy would bear fruit. Workers, however – understand-

ably – refused to wait for the better future. They rather demanded the immediate 'realization' of socialism.

The negative social reception of the reform largely determined the party's policy towards the working class in both countries. The new social message of the party was simple and it sounded very encouraging after the 'lean years' of the Stalinist era. As we have seen, the Hungarian standard-of-living policy can be easily matched with the unity of economic and social policy in Honecker's GDR. Both sought to win over the working class for the party through the increase of consumption. I go a step further: both the Kádár and the Honecker regimes based their legitimacy on the general improvement of the standard of living of the population and the establishment of a strong, socialist 'middle class'. Of course, the idea was not to promote *some* members of the industrial working class; the Communist parties promised social advancement to *all* industrial workers. Under 'advancement' the majority of workers meant the improvement of their material conditions. After the failure of the reform, both governments took several measures to emphasize this new policy and demonstrate the advantages of welfare dictatorships. Workers' wages were increased in both countries, and further improvements were on the agenda. Honecker cut back structural investments that his predecessor, Ulbricht, had urged, and he increased the targets of consumer goods (let us recall: in the reform era, workers complained that there were not enough goods in the shops and Professor Hager, a member of the Political Committee, declared in front of the local party leadership that the most important task of the communists was to satisfy consumer needs in the district). There was also an important advancement in the field of social policy: several measures were taken to improve the situation of working women and families. And one should not forget about the flat policy: the acquisition of one's own home became a realistic objective for workers in both countries (the East Germans based this on state redistribution while the Hungarians mobilized private initiative and family resources).

While this new, consumption-driven legitimacy was successful at the beginning because it increased the popularity of welfare dictatorships and effectively prevented the formation of a leftist working-class opposition, it had in store at least as many political dangers as it could solve. Firstly, we saw that workers were not fully satisfied with the standard-of-living policy even at the time when they could get the most of it. In the subsequent years the failure of the standard-of-living policy seriously undermined the regime's legitimacy and the popularity of the party and government in Hungary (as we have seen, in the 1980s dissatisfaction was mounting even among party members). The credibility of the welfare state of the GDR was damaged by the fact that it could not compete with the West

German levels of consumption, which were strongly propagated in the Western media. Further, the state could only finance this policy through further credits from West Germany. In exchange, they had to give ideological concessions (e.g. the introduction of *Reiseantrag*, which enabled East Germans to leave the GDR).[2] An even greater problem was that they could not convince their citizens: they could profit more from the welfare dictatorship than from the West German capitalism, and if we take the 'summary of criteria' – as they called it – then socialism provides for the people better than the rival world system. As we have seen from the last public speech of the chief manager of Zeiss, leading executives may well have truly believed that this was the case. However, no one asked for the political opinions of workers under Honecker; more precisely, whoever spoke of the problems of socialism was stigmatized as an 'opportunist' and was excluded from the party. That dissatisfaction still existed even among party members can be demonstrated by the fact that in the autumn of 1989 several party groups reported to the factory party committee that the supply of goods in the shops 'failed to match with the declarations of the leaders'.[3] It is obvious that this was not a new phenomenon (the former party reports usually gave a long list of the 'current difficulties', which prevented the satisfactory supply of certain consumer goods). We have every reason to believe that in the 1980s East German workers were also dissatisfied with the party's policy towards the working class, just like their Hungarian counterparts; nonetheless, they remained silent because of the massive political repression.

In the second part of the book I stressed that the party's policy towards the working class had certain positive elements. I argued that the party was forced to take into account the demands of industrial workers, and the welfare dictatorship itself can be regarded as the result of a compromise between the party and the working class. If, however, we would like to explain the ultimate and spectacular failure of this policy,[4] we need to focus on the negative aspects, namely on the question: what was *not* achieved through this compromise?[5] The most important contradiction was that while the party sought to win over the political support of the working class with the help of a new consumption policy, its leaders were unable to break with the old, dogmatic left in their propaganda and organizing methods.[6] They could not build capitalism in a Soviet-controlled Eastern Europe; but they also regarded an opening towards the new left as unthinkable both for external and internal reasons. The contradiction was thus left unresolved: 'time stood still' both in the movement and the communist ideology.[7] The old political slogans remained (however, they became so meaningless that in Hungary the majority of youth maintained a distance from the party),[8] and the party revived some of the progressive

goals of the old labour movement (community building, workers' education). While the latter, however, sought to emancipate workers culturally and politically, the party's intention was to depoliticize the working class, encouraging them to turn towards the social and private spheres rather than towards the political one. The documented conflicts between the brigade leaders and the managers suggest that the party had no intention of increasing the workers' role in the decision-making process.[9] The self-governing and self-organizing ideas of the new left were absolutely excluded as alternatives: socialist communities in both the GDR and Hungary were organized by the state from above.[10]

This 'consumerist turn' of the party has, however, gradually changed the social significance of the working class. Even in the dogmatic GDR it was reported that the 'new privileged class' consisted of people who possessed Western currency. Workers were ranked as 'ordinary consumers', who had to content themselves with the Eastern products that they could buy in the ordinary shops.[11] The 'working class' became an empty category since many executives remained members of the working class (they were classified according to the workplace that they had at the beginning of their career),[12] and as we have seen, engineers also frequently asked: who is regarded as a worker after all in the GDR? In Hungary in the reform era, workers complained that other social classes – who did not work as hard as they the workers did, and consequently did not deserve the better wages – had a better life than the working class. In the 1980s they again felt that the government wanted industrial workers to pay the price for the new reforms. All these – in the eyes of the public – inevitably downgraded the social status of the working class. The party leadership of both countries lacked the political will to face the question: how can one 'modernize' not only the inefficient industrial sector but also the relationship between the workers and the Communist parties? The leading Hungarian economists were under the spell of private economy, while the East Germans were preoccupied with the question of the 'adequate and satisfactory' supply of the population with consumer goods. The elites of both countries lost sight of the 'actually existing' working class. There is a sad irony in the fact that in this book I have consistently discussed the party's policy towards the working class while in the reports of the 1980s we can, indeed, rarely meet even the term 'worker'! This is particularly striking in the East German documents, where the 'working class' never appears as a concrete social group; it only serves as an abstract point of reference. With the exhaustion of the resources of the welfare dictatorships, the party had no more relevant social message to the working class.[13]

The consistent persecution of any leftism other than official Marxism was another important consequence of the establishment of welfare dictatorships.[14] Fearing that a leftist critique of the regime would endanger the

tacit compromise with the working class, the party used hash retaliation against left-wing intellectuals, but also against workers, who criticized the rise of new inequalities. We have seen that in East Germany, critics of the Exquisit shops and Intershops were ruthlessly expelled from the party even if they were 'old' comrades or they enjoyed authority in their party organizations. In the Hungarian case the party gradually gave up its ideological positions throughout the 1980s: as the information reports show, the old communist slogans were discredited even in the eyes of the party membership.[15] The East Germans were compelled to continue the ideological battle with West Germany but the rivalry with the strongest European economy discredited any effort to convince the people of the superiority of socialism. Western unemployment was a permanent slogan of the socialist propaganda, but as informants complained, workers argued that the unemployment benefit in the West was higher than the East German wages, while the West Germans could all the more convincingly boast about their supermarkets full of goods and the newest auto models (whereas the East German had to wait long years for a car). True, the Western new left criticized consumer society and its materialistic values. Nonetheless, the party strictly excluded concepts of self-organization and self-management from any public discussion. Community life, as we have seen, was organized from above; and even though it did give communal experience to the workers, the political role of these communities was insignificant – in line with the party's intention to eliminate competing power structures.

Thus, the welfare dictatorship *necessarily* formed a political consciousness, which was open towards capitalism. From the perspective of the regime, the standard-of-living policy was successful in both countries because it prevented the formation of an active working-class opposition upon the model of Solidarity. Left-wing intellectuals – lacking access to the public sphere and mass support – did not pose a serious threat to the rule of the party. However, the legitimacy of the welfare dictatorships was fragile because it was not based on a strong, export-driven economy (as Ulbricht planned and hoped for) but on the 'doctored' results of an inefficient plan economy – and on the credits, which led to the severe indebtedness of both countries and the threat of a state bankruptcy.[16]

At the end of the 1970s the signs of the crisis of the welfare dictatorships were already visible in Hungary. The government sought to overcome the growing economic troubles by further extending the private sector and the market. Since they could not increase the wages in the state sector, they allowed the population (including industrial workers) to acquire an additional income in the growing private sector. Extra work, of course, had its harmful social consequences: society became more individualistic, the general health condition of the population (mainly that

of men) deteriorated and people had less time for socialization and recreation.[17] The opening of these new opportunities, nonetheless, further decreased the political activity of workers: after finishing work, people had no time for 'normal' social activity, let alone for political organization. As we have seen from the reports, even older workers sympathized with young people, who had no time for the party because 'they had to establish first their own homes'. For Hungary, we can argue that further marketization met the 'full understanding the population'. If we think of the answers to the question 'Would you call the capitalists back?' and the reports on the public mood, we can state that capitalism hammered on open doors in Hungary.[18]

In the GDR, foreign loans enabled Honecker to continue his welfare policy until the end of the 1980s (although we should not forget about the political repression, which forced many people to hide their true opinion about the regime!). The population felt the economic troubles later than the Hungarian people did – but the practice of watching West German television programmes (*Westfernsehen*) rendered visible the gap between Eastern and Western standards of living that was increasing, rather than decreasing. While in the 1970s people were happy to acquire a flat on newly built housing estates, in the 1980s there was much less hope that the state would 'catch up' with Western levels of consumption. The capitalist products that could be bought for Western currency or in special shops (Intershops, Exquisit and Delicat shops) likewise reinforced perceptions of the economic superiority of capitalism. Young people in the 1980s did not see the kind of future in the system that their parents' generation had.[19]

The policy described above determined the relationship between the party and the working class; therefore, it is not surprising that we can observe several similarities. The reform era in both cases marked an important phase in the history of this relationship. It can be easily demonstrated that the political opinions of industrial workers were not indifferent to the party leaders since their strong criticism and the mounting social dissatisfaction of the working class were important factors in the failure of the reform. In a somewhat paradoxical way, this was the last time when there was a social dialogue between the workers and the party, and both sides considered it important to find a political compromise. In the Hungarian case – apart from addressing the problem of increasing materialism and individualism in society – there were also attempts among workers to criticize enterprise democracy and existing management practices. In the GDR, workers mainly complained of the contradictions of the NES, but there were also signs of a more far-reaching criticism of the system (e.g. the distance between the leaders and the grass-roots members of the party). In both cases, the party showed a marked interest in working-class opinions

and it even demonstrated a willingness to consider their demands. Judged by the high number of comments, at that time at least part of the working class held the party to be a workers' party, and they believed that it would be able to renew its social settlement with the people.

The dialogue between the party and the working class ended, however, in failure in both countries. Both regimes thought that the satisfaction of consumers' demands would render it unnecessary to renegotiate the terms of its tacit agreement with the workers. The re-hardening of the political line in the 1970s effectively blocked the channels of communication between the party and the working class.[20] Real workers practically disappeared from the party documents in the GDR, while in Hungary in the 1980s, when the political climate became more liberal, the working class was taken even less seriously as a social category. Fearing to upset consolidated, socialist society in the GDR, and interested in pro-market rather than leftist alternatives in Hungary, ruling parties showed little interest in restarting social dialogue; and as the events of 1989 showed, neither did the workers believe that the party could have carried through reform. As for the party, even though its leaders failed to admit, the welfare dictatorship implied a consumerist turn – and in this sense, it was a concession to capitalism. The ideological victory of the dogmatists was therefore illusory, and in the long run it inevitably led to the loss of the credibility of the official communist ideology among the workers.

I have demonstrated this process – the growing distance between the workers and the Communist parties – in the third chapter of the book, in the light of the local party materials (and we could reasonably assume that the local party officials were far from the national politics, thus, the observed similarities indeed express similar experiences in the two countries). Workers – and this was stressed in several documents in both cases! – had no interest in joining the party; even in the politically more repressive GDR the party organizers had to accept that many workers refused candidacy with the reasoning that they 'had no time for party life'. Thus, administrative measures were used in both cases to maintain an 'adequate' working-class proportion in the party: they recruited people who did not have a strong Marxist conviction, were religious or did not show much enthusiasm towards the party (in the East German case, as we have seen, there were even instances when the managers completed the membership forms for the workers). The result was that workers constituted the largest group (60–70 per cent) of those whose party membership was terminated because they 'neglected party life' (they did not pay party dues, or failed to attend party meetings).

Based on the available sources and the interviews that I conducted with workers in both countries, it is unlikely that party life indeed gave the

workers a communal experience, a feeling of 'belonging together'. In the Hungarian case we saw that in the 1980s few people joined the party out of true communist conviction, and the great majority of working-class youth kept a conscious distance from the party and the movement. The East German documents give us little information about the political conviction of the party members; but it is by no means surprising if we consider that everybody who criticized the official line of the party – the leftist critique, for instance the criticism of the Intershops was even less tolerated than the complaints about the shortage of consumer goods – was excluded from the party, even if the bold critic was an 'old' comrade or held a leading position in the party group. Given that the party members had to consider carefully what they said publicly at the party meetings, it is unlikely that they remembered these events as communal gatherings. At the great national festive occasions (which were abundant in the GDR) representation was even more important: thus, we can only read speeches where the population 'fully and enthusiastically' supports the official line of the party, they are very happy to participate in the heroic struggle of the party for the 'regular and satisfactory supply of consumer goods',[21] and in general, they do their best to 'prove themselves worthy of the confidence of the party'. All these could not really reinforce the impression of the workers that they belong to a freely chosen political community.

German interviewees also pointed out the difference in the level of tolerance in the GDR and Hungary: they remembered Hungary as a 'Western' country. I have already cited a report of 1964, where the East German delegates who visited Hungary complained about the 'lenient' and 'too informal' working style of the Hungarian party groups, and they critically observed that 'they had not seen enough posters and other forms of visual agitation in the factories and at the universities'.[22] The information reports of the Honecker era completely lack any real information on the political mood of the population in comparison to the Hungarian sources. Only the sharpening criticism of the supply of the population with consumer goods displays the crisis of the regime: in 1988, for instance, we can read a very critical report of the supply of cars and bicycles, where the informant openly complained about the bad quality of Dacia and Lada cars, and he added that there was a shortage of Wartburg cars and bicycles in the country. Such open criticism was, however, indicative of the social crisis of the regime.[23]

In the third part of the book we examined in detail, to what extent workers regarded the party as a political community. In the Hungarian case we can hear several complaints even in the reform era that the party fails to represent the interests of industrial workers, and that the labour movement was undermined by the rush for money and the increasing social inequalities,

which alienated people from the party. The welfare dictatorships and the standard-of-living policy increased the popularity of the party in the short run, but at the price that this policy oriented people towards consumerism. Already in the 1970s we can read several complaints that workers had no time for party or community life, they were becoming indifferent, the old comrades were growing tired of political work, and young people were not attracted by the movement.[24] In the 1980s lower-level officials criticized not the spread of materialism and individualism but the fact that workers could hardly keep their former standard of living even if they undertook extra work. We have already observed that the Hungarian Communist Party, whose reformers lived under the spell of 'more market', gradually gave up its ideological positions. The state party as a political community started to disintegrate well before the actual political collapse of the Kádár regime.

In the GDR we can only make guesses regarding how the party membership related to the regime under Honecker. The widespread habit of *Westfernsehen* and the argument that people who could buy in the Intershops formed a privileged class in the GDR at best calls into question the assumption that all party members would have been so 'dogmatic' as it is stated in the reports. Shortage of certain consumer goods was mentioned even in official political documents; for instance, some party members thought that there would be less *Antragsteller* if there were more goods in the shops, or another party member complained that he had to run his legs off until he could buy the required parts for his car. It is also not accidental that when the base organizations – eventually – sent negative reports about the public mood of people to the factory party committee, they criticized that the supply of consumer goods contradicted the optimistic declarations of the party leaders.[25] Everybody could be convinced of the shortage of consumer goods even prior to 1989; but the repressive political climate prevented the formation of a clear picture about the size of the camp which rejected the Honecker regime. Angelusz referred to this phenomenon as the 'double opinion climate' since the hiding of the true opinions of the people concealed the fact from the regime how much it had lost the support of the population.[26] Biermann's last public speech nicely demonstrates how far the SED leaders were indoctrinated by their own propaganda. The regime suffered a decisive political defeat at the moment when the opening of the Hungarian borders and the mass escape of the citizens to the West dispelled the illusion that the 'masses' backed the Honecker regime. In the interviews workers saw no direct relationship between party membership and political conviction; nonetheless, there were many instances when workers regarded those who joined the party as 'careerists'. Many interview partners said that for this reason they refused candidacy, or they chose to undertake positions in the bri-

gade or the trade union, where less power was concentrated. Neither the surviving archival documents nor the interviews give evidence that the East German workers held the SED to be a political community.

While it can be safely argued that both the MSZMP and SED lost the political support of the working class before 1989, it is a more difficult task to compare the political balance and heritage of the two regimes. In the Hungarian case the market reforms introduced in the 1960s bore fruits in the 1980s when the incomes from the private sector compensated for the stagnation of real wages. The careful political liberalization went in parallel with the political liberalization, which, as we have seen, strongly influenced party life. While the Hungarian party membership could already openly criticize the government's policy at public forums in the second half of the 1980s, the East German party members had to wait with criticism until the last days of the Honecker regime. The examples that I introduced in the third chapter of the book, nicely illustrate why East German citizens regarded Hungary as a 'free' country. The East German interview partners happily recalled the holidays that they had spent in Hungary even ten to fifteen years after the collapse of socialism.

This leads us to the discussion of an important difference between the two regimes. Hungarian reformers of the 1980s already envisaged a socialist market economy; whereas Honecker, on the contrary, nationalized existing private companies in the 1970s. Both regimes supported community life; however, as we have seen, work in the private sector increasingly absorbed Hungarians. Thus, they had less time for communal life; it is not accidental that already in the 1960s party organizers complained that people grew more individualistic and the communal spirit declined. The East Germans, on the contrary, maintained the model of collectivist socialism until the end of the Honecker regime. We can argue that while in Hungary the private sector compensated for the stagnating industrial wages, in the GDR intensive community life offered a 'substitute' for the missing consumer goods and services. This can be understood literally since communal network and the strong social solidarity gave practical aid under the conditions of general shortage: people exchanged services and goods through these private networks.[27] In the Hungarian case individualization meant that people concentrated their efforts on family-based farms or businesses, while in the East German collectivist model people relied on the strong communities at the workplace and in the neighbourhood to secure the 'adequate and satisfactory' supply of consumer goods of their households.

When I discussed community life, I frequently mentioned – and supported by several citations from the interviews – that both the East German and Hungarian interview partners recalled the former socialist communities with a sense of loss.[28] They frequently contrasted the communal

values of socialism with the egoism, ruthlessness and 'pushing' demanded by the new regime, which goes hand in hand with a drastic decline in social solidarity (the Germans spoke of *Ellbogengesellschaft* and *Einzelkämpfer*). This positive evaluation of socialist communities was independent of how people judged the successes and failures of actually existing socialism. It can be explained through the shared community experience under socialism that workers in both countries were responsive to a community-based, anti-capitalist criticism.[29]

Before we would draw our own balance, it is worth taking a look at how the workers themselves evaluated the achievements of the Kádár and Honecker regimes. We need to stress that the difference between the political climates of the two countries was reflected also in the workers' memories of the two regimes. Although it cannot be said that the socialist system left only negative memories behind in East Germany – in fact, most of the interview partners said that the school system, health care system and child care institutions were better, and the state gave more support to the working mothers than after 1989 – no one wanted to return to Honecker's GDR. Most of the interview partners said that they were happy that the *Wende* had come. Many people did, however, also express a disappointment with the new, capitalist regime: it was the members of the younger age groups in particular (people between forty and fifty) who argued that they went to the street for a different society in 1989. They believed that in the united Germany there would be more social justice, and ordinary people would have more say in the issues that affected their country. The new political system received a rather negative evaluation: most workers thought that there was only formal democracy in Germany, and that politics was decided by economics. Interview partners typically argued that the politicians who sat in parliament had lost touch with the reality of ordinary peoples' lives, a comment on planned reforms that cut welfare benefits. Although they held Honecker's GDR to be a dictatorship, all of them, including those who said that they were opponents of the socialist system, objected to the equation of the GDR with the Nazi regime.

Even if we take into account that workers' experiences of postsocialist transformation was different in the two countries, the Kádár regime received a more ambiguous evaluation in the Hungarian interviews than the Honecker regime did in the GDR context. While people argued that there were many positive features of the socialist system (full employment, and social security), it was typically skilled urban workers who told me that material security did not compensate them for limited political freedom. Many of my interview partners who lived in the villages, however, reported a marked decline of their standard of living, and they claimed that they would have preferred to live in Kádár's Hungary. There were

more female interview partners than men who would have liked to have the previous regime back. Regardless of how the socialist system was seen, the change of regime was felt to be a period in which society was cheated. It was commonly believed that privatization benefited the old elite and that ordinary people received nothing of 'peoples' property'. Many workers argued that foreign companies only bought local firms to close them and eliminate business rivals, and they were only interested in acquiring the Hungarian markets. They would blame the old elite for selling off national property. Although a majority of my interview partners considered the collapse of the Kádár regime to be inevitable, they thought that political power was appropriated by a narrow group of people who could capitalize on their connections. The change of regime is thus related with exclusion and dispossession. Interestingly, these negative experiences did not challenge capitalism as such: most of my interview partners argued that something went wrong with the implementation of capitalism in Hungary and they typically expected the state to intervene and protect them from the harmful effects of globalization.[30]

If we would like to draw a balance on the grounds of the above, we have to stress: the policy of the party towards the working class failed socially and it essentially did so before the political collapse of the two regimes. We can regard the Kádár regime politically more successful in as much as it created a better, more 'liveable' (and likeable) socialism. In the light of the life-history interviews the massive ideological repression of the Honecker era essentially proved counter-productive, because not even those who identified themselves as socialists (or even communists) wanted his regime back, and neither did those who – after years of unemployment – could have counted themselves among the losers of the change of regime.[31] The limited contacts between East Germans and Hungarians also suggest that it is not true that material security offered sufficient compensation for a lack of political freedom: even though East German workers enjoyed a higher standard of living than the Hungarians, the evaluation of the Kádár regime shows an ambiguous picture not only in Hungary; the East German interview partners who had visited socialist Hungary also remembered it as a 'Western' country – which, on the basis of the relative economic achievement of the GDR can only be explained through the experience of greater freedom.

In the introduction of the book I raised two questions: (1) Why was there no working-class opposition to the regime in the GDR and Hungary? and (2) Why did the working class remain passive in 1989? The book has attempted to show that the establishment of the welfare dictatorships created a social and political context which integrated the working class into the regime but at the same time oriented the people towards consumerism.

After the end of the reform era of the 1960s a tacit political compromise was concluded between the party and the working class. The party refused to share political power with the working class, and it also consistently rejected concepts of self-organization and self-management, which could have offered a 'third road' between state socialism and capitalism. Instead, it offered concessions to the workers in the material sphere in the form of the standard-of-living policy. The original emancipating goals of the old left were replaced by the increase of consumption levels of the population 'at any price'. In the 1970s, at the peak of the standard-of-living policy, the welfare dictatorships achieved certain popularity.[32] This legitimacy was, however, essentially fragile because it was based on the satisfaction of consumer needs for which the planned economies were ill prepared.

The welfare dictatorships effectively prevented the formation of a strong working-class opposition to the regime like the example of Solidarity in Poland. Workers' attention focused on the establishment of their own homes and the acquisition of durable consumer goods – all these gave satisfaction to people, who experienced prosperity after the 'lean years' of their childhood. More and more people grew disinterested in politics – but the party itself had no intention of reviving the old spirit of the movement.[33] In Hungary the market reforms and second jobs provided for the de-politicization of the working class, while in the GDR harsh retaliation threatened anybody who criticized the line of the party.

And now we arrived at the point why this policy was risky for the regime. The most obvious reason is that it deluded not only the workers but also those who were in power. In the 1980s everybody – including the Western observers – thought that the two regimes were socially consolidated since the narrow groups of oppositionist intellectuals posed no serious danger to the party. Nonetheless, beyond the surface the social and economic basis of the welfare dictatorships was crumbling throughout the 1980s. The competition with the West European market economies pushed their planned economies beyond their limits, which resulted in the huge indebtedness of both regimes. The tacit political compromise with the working class rendered it impossible to cut back the old, traditional industries, which at the time produced ever greater losses.[34] All these greatly burdened the economies of both countries and undermined the basis of the social compromise, which ensured their legitimacy.

Thus, the consumerist turn of the party and the collapse of state socialism can be seen as interrelated events. The welfare dictatorships effectively de-politicized industrial workers, who regarded themselves as consumers rather than as members of a revolutionary class. After they were disappointed in 'actually existing' socialism, they placed a renewed hope for 'catching up' with the consumption levels of the advanced Western coun-

tries under capitalism. In Hungary there were visible signs of the loss of credit of socialist ideology even in the eyes of the party membership. The East Germans consistently 'enforced' the party line in public but they had to use repressive methods to silence people. The result was that few dared address the contradictions between ideology and the political practice of welfare dictatorships (and those who did were excluded from the party or had to content themselves with worse jobs). While Hungarian party members could openly criticize the policy of the party in the 1980s, in the GDR, as we have seen, a 'political action' was created out of a harmless carnival publication, which cost the jobs of the authors.

The welfare dictatorships were therefore open to the right but closed to the left as left-wing critics were accused of undermining the compromise between the party and the working class and thereby threatening the political stability of the regime. Workers felt alienated from the party, which failed to fulfil the promise that they would live at the same material level as did their Western counterparts. Paradoxically, when workers 'chose' capitalism in 1989, they only followed the internal logic of the development of welfare dictatorships. To what extent workers were 'indoctrinated' by consumerism is nicely illustrated by the answers to the question of 'Would you call the capitalists back?' or the naïve belief that a market economy would create a more just (and equal!) society. The fact that after forty years of socialism people believed that there is more equality under capitalism, well illustrates to what extent socialist ideology lost credit in the eyes of the working people. This loss of credit (because in the euphoria of 1989 people dismissed *every* anti-capitalist critique as 'communist propaganda') largely contributed to the easy triumph of neoliberal capitalism in Eastern Europe, and the lack of labour resistance. Thus, the welfare dictatorships – albeit unintentionally – did a great service to the capitalist 'class enemy'.

Throughout the chapters we have seen that in spite of the similarities between the labour policies of the SED and MSZP towards the working class, the differences of the industrial development of the two countries could not be levelled. The large group of Hungarian worker-peasants, who were engaged in both industrial and agricultural activities, lived in the countryside and maintained the culture and mentality of the peasantry, cannot be found in the GDR. The educational statistics of the two large factories likewise reflect that the Hungarian workers finished fewer classes than the East Germans in spite of all cultivating efforts of the party. The women's policy of the party was also more efficient in the GDR than in Hungary – both in the light of the statistics of women's education and the life-history interviews.

These differences between the two countries deepened after the change of regimes, when East Germany was united with the leading industrial

power of Europe while Hungary experienced a more peripheral development. The East German and Hungarian working-class experiences of the change of regimes therefore substantially differed. Suffice it to mention that while the 'premature' welfare state was dismantled in Hungary, East Germany adopted the welfare system of West Germany, which counted as a 'role model' for an advanced capitalist welfare state. Employment policy after 1989 also differed in the two countries: the Germans used 'active' means (e.g. re-education, state-financed courses and jobs) while the Hungarians mainly relied on 'passive' methods (e.g. early retirement, disability pension and severance pay).[35]

The structural differences in the position of the two countries in the global world economy were reflected in the life-history interviews. The overwhelming majority of the German interviewees experienced improvement in their material conditions: those, who had work, spoke of material prosperity; the unemployed spoke of the marked improvement in services and the supply of consumer goods. The Hungarian interviewees, on the contrary, experienced the stagnation or the decline of their standard of living; for them this was the most painful experience of systemic change. The Kádár regime was calculable: even though the workers agreed that the regime did not offer them great perspectives, they could still achieve something: a flat, a house, a car, a weekend plot. All interviewees held the working class to be the loser of the systemic change. While the Germans complained of the crystallization of social hierarchies in the new regime, for the Hungarians the material decline was the most frequent source of complaint. While in the eyes of the German interviewees the social security that was guaranteed to all GDR citizens did not sugarcoat Honecker's state, many Hungarian workers continued to measure the achievement of a government against the standard of living. Thus, many rural women workers expressed an explicit wish for the return of the Kádár regime, when their families had a safer and often better life. In the Hungarian case material values continued to dominate political thinking. Since the majority of the workers thought that they could satisfy their consumer needs at a higher level in the old system than in the new one, and there was no alternative value system in the public other than consumerism, the feeling of deprivation and frustration was prevalent among the interviewees. Thus, materialistic values continued to dominate the political thinking of the Hungarian workers while in East Germany we can observe the spread of post-materialistic values.

The fourth chapter of the book examined two questions: the situation of labour under the two regimes and the evaluation of the newly established democracies. The German interviewees considered the skilled working class to be part and parcel of the middle class and they refused

to consider university education as a sole means of social advancement.[36] Many of them did not necessarily prefer university education to a good vocation for their children. This group vividly remembered the egalitarian society of the GDR, where managers, engineers and scientists did not constitute a privileged group as under the new regime. Many of them reported left-wing, some even communist, sympathies. In Hungary, however, all interviewees listed the workers among the losers of the change of regimes. Contrary to the German workers, all Hungarian interviewees reported a decreasing standard of living and the necessity to spend their savings. Workers were frustrated by the fact that they could hardly make ends meet even though they had a regular job. The majority saw the situation of the middle class (where they counted themselves) to be deteriorating. Those, who could provide for their children, wanted them to get a university degree rather than get vocational training. Many workers preserved left-wing sympathies; but they all stressed that in Hungary none of the parties did anything to improve the situation of the working class.

The second question is how the workers evaluated the two regimes in the light of the aforementioned experiences. The German picture is clear: none of the interviewees regretted the collapse of Honecker's regime, including former party members, engineers, managers, accountants and draftsmen, who experienced short- or long-term unemployment under the new regime. In general, the interviewees thought that Honecker's dictatorship was doomed to failure. Although they were strongly opposed to a comparison between Nazism and Honecker's dictatorship (anti-fascism – perhaps as a result of education – was characteristic of this age group) the workers excluded the opportunity of a new, communist dictatorship. The degree of opposition to Honecker's state is indicated by the fact that not even the long-term unemployed wanted the GDR back.

Capitalism, however, received a more ambiguous evaluation from the German workers. Although they experienced the positive side of post-Fordism, they also observed many of its drawbacks, most notably structural unemployment and excessive individualization, which endangers social life. Both the workers and the unemployed criticized consumer society; they expressed a strong concern for the environment (humankind endangers its future if it carelessly exploits and destroys environment for the sake of greater profit) and they expressed a preference for a self-sustaining development.

Hungarian opinions significantly differed from the German views. The German interviewees identified with the opposition; many participated at the mass demonstrations and they thought that the people had an active role in the demise of communism. Most Hungarians identified neither with the opposition nor with the communists. They felt a strong *ressentiment* to-

wards the groups, which benefited from systemic change and the people's property: the former *nomenklatura*, the intellectuals and the new propertied class. Privatization received a uniformly negative judgement: workers thought that the managers 'stole' the factory (they were either bribed to sell the plants at preferential prices or they bought them themselves). Workers had a strong distrust of multinational companies, which were believed to have destroyed Hungarian enterprises, and which were seen as possible rivals. In addition, they took the profit that they made in Hungary out of the country and exploited the local workforce. It is therefore not surprising that the majority were opposed to Western capitalism, from which they experienced only the drawbacks: production declined, the factory laid off four-fifths of its pre-1989 personnel, the enterprise lost its former prestige (which was stressed by Audi buying up the large hall that Rába built) and the Rába workers experienced a material decline. The feeling of *ressentiment* was intensified by the 'conspicuous consumption' of the new elite: many complained that under socialism the social distance between the workers and the managers had been much less marked than under the new regime.

Thus, Hungarian workers expressed strong doubts about systemic change and the new democracy. These doubts, however, failed to translate into a criticism of capitalism.[37] Instead, workers spoke of a special, Hungarian model of capitalism, where the government acts as a mediator between the interests of multinational and domestic companies and between the interests of workers and capitalists. There are a number of reasons why the Hungarian political left failed to profit from the workers' disillusionment with 'actually existing' capitalism. Apart from the aforementioned differences between the German and Hungarian working-class mentalities, it is worth pointing out the absence of an anti-capitalist, left-wing public in Hungary; even committed left-wing voters argued that none of the political parties represented labour interests. The spectacular exclusion of the working class from Hungarian politics and the weakness of the trade union movement strengthened the faith in a strong state and government: workers thought that the state stands above classes, and it would do something for the 'little man'.

The results help us to explain the ambiguous evaluation of the Kádár regime. The vision of greater social and material equality is confused with a longing for a strong state, order and an autocratic government, which we can observe in many interviews. While the German interviewees identified with the *Wende* and not even the unemployed wanted Honecker' state back, only few Hungarians thought that they profited from systemic change and the new democracy. Thanks to their negative experiences under the new regime, the majority were opposed to Western capitalism and they thought that a stronger state and a special Hungarian road to

capitalism would offer a panacea for peripheral development. Thus, East Germany's greater success of integration into the capitalist world economy was accompanied by a change of mentality, which is less characteristic of Hungary.

By undertaking a comparative study of the welfare dictatorships that developed in the GDR and Hungary under Honecker and Kádár, this book offers a historical explanation of why the workers did not defend the workers' state in countries where there had been no open working-class protest against the ruling regimes since the 1960s. Taking this argument a step further, it argues that factory histories can offer a new perspective on the turning point of 1989 by focusing on what made the socialist regimes weak internally, rather than concentrating on opposition activists, or political elites. While the party in both countries consistently refused to seek a political compromise with the working class, both types of welfare dictatorships – the reformist and collectivist – offered economic concessions in exchange for political passivity. Since the continuation of the standard-of-living policy increasingly collided with economic performance in both countries, the party's refusal to renegotiate the terms of agreement with the working class left the regime much weaker socially than both its leaders and the Western advocates of post-totalitarian theories of the Communist state assumed. The book argued that under the given historical conditions the Kádár regime created a more liveable and likeable socialism than Honecker's variant of socialism, where repression was used much more extensively than in Hungary. There was, however, one basic similarity in the politics of repression, which was applied in both countries: fearing upsetting the compromise with the working class, the regime did not tolerate any leftism other than official socialism, and consistently used harsh retaliation against leftist critics of the welfare dictatorships, who pointed out that the regime reinforced materialistic values and oriented working-class consciousness towards consumerism.

This experience contributed to the illusion of generalized welfare and the high consumption levels that capitalism could generate for them. Despite the more painful experience of transformation in Hungary, idealized views of capitalism persisted, leading to a desire for national capitalism as opposed to the bleak realities of globalization on the eastern periphery of the European Union.[38] In East Germany, the anti-capitalist ideology of the party that was rather ineffective under the Honecker regime seemed to have a greater appeal after the regime's collapse: my interview partners mostly blamed the regular functioning of the capitalist system for what they saw as negative social phenomena such as growing inequalities, egoism and social insecurity. The newly established democracy also received a more negative evaluation in Hungary than in East Germany. The am-

biguous evaluation of the Kádár regime suggests that many Hungarians would reconcile themselves to an authoritarian regime in exchange for a more secure and calculable life. It seems that it is not only the memory of the collectivist and reformist models of the welfare dictatorships that differ but they also had a different impact on the development of workers' political attitudes after 1989.

It is, however, important to point out essentially common human experiences of the change of regimes. It needs to be stressed that the interviewees in both groups were pessimistic about the situation of the trade union and labour movements. The Hungarian workers explained the absence of working-class protests through the closing of large industrial enterprises and the disintegration of the trade union movement. The German interviewees argued that at the workplace everyone is a lonely fighter, who is only interested in how to keep his or her job (even at the expense of others). Workers in both groups thought that the labour movement was weakened and disoriented under the new regime. They did not expect significant social changes in the near future; however, in the micro-world of everyday human interactions they expressed a longing for a more intensive community life than what is available for the lonely fighters.

Notes

1. Large industry was state-owned industry.
2. On the condition that they lose their East German citizenship.
3. See the section in chapter 3 entitled *The End of Silence*.
4. I refer back to the question put in the introduction: why did workers refuse to defend the workers' state?
5. The question of why workers refrained from independent class action after 1989 has rarely been addressed in the otherwise rich literature on state socialism. In the introduction I referred to Linda Fuller, who argued that the East German workers felt alienated from the intelligentsia. See: Fuller, *Where was the Working Class?*. This book, however, attempted to prove that working-class interests were to a large extent accommodated by the welfare dictatorships. The analysis of the labour policy of the party therefore offers a historical explanation for workers' integration into the regime and their eventual refusal to defend the workers' state. Földes gave a good outline of the labour policy of the party after the 1956 revolution and he also argued that this policy should be taken seriously. Földes, *Hatalom és mozgalom*.
6. For the spread of hypocrisy in society see in particular the section in chapter 1 entitled *The Appearance of the New Rich*.
7. On the impact of 1968 on Eastern Europe and in particular on Hungary see: E. Balázs, Gy. Földes and P. Konok (eds). 2009. *A moderntől a posztmodernig: 1968. Tanulmányok*, Budapest: Napvilág; E. Bartha and T. Krausz (eds). 2008. *1968. Kelet-Európa és a világ*, Budapest: L'Harmattan Kiadó.
8. The decreasing appeal of the party is vividly demonstrated in the section entitled *'Would you call the capitalists back?'*.
9. Community life was rather offered as a substitute for real political participation.

10. As we have seen in the fourth part of the book, even though community-building was heavily supported 'from above', workers recalled that they used to participate in an intensive community life under socialism.
11. Criticism of the 'materialism' of the Honecker regime was harshly retaliated. See the sections entitled *New Inequalities?* and *Losing Members.*
12. Let us recall: working-class origins meant positive discrimination at the entrance exam to higher education. For Hungary, Ferge demonstrated that educational inequalities were characteristic of the Hungary of the 1960s (and later they increased further). Ferge, *Az iskolarendszer.* Solga shows that the educational mobility in the GDR also declined. See: Solga, *Auf dem Weg in eine klassenlose Gesellschaft?*
13. Burawoy's fieldwork nicely demonstrated how far Hungarian workers became disillusioned with official socialism. See: Burawoy, *The Radiant Past.*
14. It is worth recalling the cases of Domaschk and Haraszti, which demonstrate that both regimes were equally hostile to any left-wing criticism of the 'establishment'.
15. The information reports cited in the section entitled *The Failure of the Standard-of-Living Policy* are particularly illuminating in this respect and they show to what extent society became materialistic.
16. See Steiner, *Von Plan zu Plan*; Kopstein, *The Politics of Economic Decline in East Germany*; Földes, *Az eladósodás politikai története.*
17. See: Szalai, *Beszélgetések a gazdasági reformról.*
18. For a similar argument see: Szalai, 'Tulajdonviszonyok'.
19. I base this argument on the interviews that I conducted with East German workers between 2002 and 2005. Schüler found a similar difference between the attitudes of older and younger generations of female textile workers. See: A. Schüler. 1999. 'Mächtige Mütter und unwillige Töchter', in Hübner, *Arbeiter in der SBZ – DDR.*
20. See also: Földes, *Hatalom és mozgalom.*
21. The never-ending fight for the supply of the population with consumer goods itself demonstrates the consumerist turn of the welfare dictatorships disguised in the GDR as the 'unity of the economic and social policy'.
22. Bundesarchiv, Stiftung Archiv der Parteien und Massenorganisationen der DDR, DDR DY 30/IV A 2/5.
23. Bundesarchiv, Stiftung Archiv der Parteien und Massenorganisationen der DDR, DDR DY 34/14298. Information zur Versorgung der Bevölkerung mit Fahrzeugen und Fahrrädern durch die VEB IFA Betriebe.
24. It can be argued that such complaints were 'typical' of low-level party functionaries. It is, however, worth noting that in the 1980s we can mainly read negative criticisms in the local information reports. The contrast is all the more sharp if we compare these reports with the East German documents.
25. See the section entitled *The End of Silence.*
26. R. Angelusz. 2000. *A láthatóság görbe tükrei: Társadalomoptikai tanulmányok.* Budapest: Új Mandátum Könyvkiadó.
27. Pickles observed, however, that such practices were revived in many postsocialist regions (mainly in the former Soviet Union) where economic hardships persisted after the change of regimes. Pickles, *Theorising Transition.*
28. See in particular the East German and Hungarian chapters on the socialist brigade movement. In the East German case, I also found strong women's networks, which were supported by the women's policy of the party (for instance, *Frauensonderklasse*).
29. See in particular chapter 4: *Contrasting the Memory of the Kádár and Honecker Regimes.*

30. On the increasing appeal of right-wing, nationalistic ideologies see: Kalb, *Headlines of Nationalism*.
31. It is worth recalling here the story of Jan, who was homeless at the time of the interviewing and had been imprisoned in the 1980s for political reasons in the GDR. Even though he said that he would not fight against such a system, not even his experience of the new society could embellish the memory of the Honecker regime.
32. See: Angelusz, *Munkásvélemények*.
33. Földes gave a programme of how to revitalize the movement. See: Földes, *Hatalom és mozgalom*. However, as events of 1989 showed, the working class no longer opted for a new movement led by the same party.
34. Hungarian reformists warned that such a step would cause massive unemployment, which would be detrimental for the regime.
35. Ferge gives a good analysis of 'what went wrong' in Hungarian social policy after the change of regimes. See: Ferge, *Társadalmi áramlatok*.
36. It is worth recalling that a comparative study in the early 1990s found that in West Germany more people would identify themselves with the middle class than in East Germany and Hungary, where people would rather consider themselves workers. This shows that the workers' state had some lasting impact on the generation of blue-collar workers, who were socialized under socialism. See: Angelusz, 'Társadalmi átrétegződés'.
37. These findings support Ferguson's conclusions. Ferguson, *Expectations of Modernity*.
38. It could be a topic for a new book to interrogate the question of why 'catching-up development' is such a persistent myth in the East European semiperiphery. In Hungary, Erzsébet Szalai and Tamás Krausz can be mentioned as the most consistent critics of 'catching-up development'. Disillusionment with 'catching-up development' in Eastern Europe is often exploited by right-wing political parties, which operate with strong anti-Western, anti-European Union rhetorics. See: Kalb, *Headlines of Nationalism*.