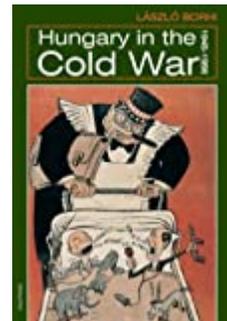




Laszlo Borhi. *Hungary in the Cold War, 1945-1956: Between the United States and the Soviet Union.* Budapest: Central European University Press, 2004. ix + 352 pp. \$49.95 (cloth), ISBN 978-963-9241-80-0.



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The Hungarian Quicksand Pit to Socialism

Towers of splayed books “battered” together with human excrement; hand grenades tossed into crowded hospitals; wives gang-raped and stabbed in full view of their husbands: with these grisly images and others, Laszlo Borhi, a senior researcher at the Institute of History of the Hungarian Academy Sciences, helps the reader understand the Hungarian experience of the Soviet occupation of Hungary (pp. 39, 58-59). The chaos resulting from such violence no doubt made the civilian population more susceptible to an authoritarian regime: better to sacrifice freedom in return for social order.

Taking issue with William McCagg and other Stalinist apologists, Borhi argues in *Hungary in the Cold War* that Stalin had decided from the outset to sovietize Hungary; it was just a matter of time.[1] Although it had no exact blueprint for the takeover of Hungary, the Soviet Union as an “expansionist power” was bound to extend hegemony over the small country (pp. 53, 325). Given the popularity of the Smallholders Party and widespread hatred of communism, it was necessary to proceed slowly. As Stalin advised Matyas Rakosi, “Don’t be grudging with words, don’t scare anyone. But once you gain

ground, then move ahead; [you] must utilize as many people as possible, who could be of service to us” (p. 5). Borhi criticizes the British and Americans for their cold-bloodedness during the war and “complacency” after it (p. 329). The British and Americans ignored Admiral Horthy’s overtures for an Anglo-American occupation of Hungary, preferring to lure Hitler’s best troops to Hungary and increase the probability of success at Normandy (p. 3, 18). Washington and London government officials allowed the Soviet army to occupy Hungary after the war in the interests of ending it more quickly. For the British in particular, maintaining access to oil in the Middle East and preventing Greece from falling to communism were most important (pp. 25-26, 119). The hierarchy of priorities of both the British and Americans was probably influenced by their perception of Hungary as an erstwhile ally of Hitler’s Germany (in contrast to Poland and Czechoslovakia).

Hungary in the Cold War contains six chapters and a short conclusion. Chapter 1 covers the last phase of World War II, showing how Stalin—capitalizing on British and American myopic objectives—extended Soviet hege-

mony over Hungary. Chapter 2 provides background information on the key events and issues that increased Soviet-American tensions (Iran, Greece, Turkey, Germany, Korea, and the nuclear bomb). It then discusses the steps the Hungarian communists took while still in the coalition to discredit the democratic parties. Chapter 3 shows how the Hungarian Communist Party consolidated its power by 1947 by putting Bela Kovacs, the Smallholder General Secretary, under house arrest, forcing the Prime Minister Ferenc Nagy to resign, and merging the Social Democratic and Communist parties. Chapter 4 provides a detailed view of the staggering cost of the Soviet occupation and domination of Hungary. According to Borhi, the Soviet Union extracted at least \$23.2 billion from Hungary and the other East European “satellites” between 1945 and 1960 (p. 139). This far exceeds the total amount of Marshall Plan funds the United States provided to Western Europe. In Chapter 5 the reader sees just how Moscow exerted its will on Hungary through various institutional levers and how the Kremlin responded to the first serious rebellion within the Warsaw Pact in October 1956. Finally, chapter 6 (“Containment, Rollback, Liberation, or Inaction?”) examines U.S. policies of containment and “rollback,” economic warfare against the communist bloc, and the failed attempt to negotiate the “Finlandization” of Eastern Europe. The U.S. response to the Hungarian revolt in 1956, Borhi writes, “encapsulated Washington’s Janus-faced attitude toward the liberation of Eastern Europe” (p. 269).[2] This review will focus on three of the topics Borhi addresses: the demise of the non-communist parties, the economic exploitation of Hungary, and the Soviet decision in 1956 to invade Hungary and crush the revolution.

Borhi provides useful details about the ultimate downfall of the democratic opposition. In some respects, the defeat of the Smallholders Party by 1947 is a tribute to the organization, self-discipline, tactical skill, and long-term planning of the Hungarian communists. Trowned by the Smallholders in the free elections of November 1945, scolded for the defeat by Stalin, who promised the return of Transylvania to Hungary if the communists could eliminate their political rivals, Rakosi and his colleagues resorted to extra-parliamentary tactics to achieve their goals (pp. 77, 86).

Thus, for example, the Hungarian communists discouraged communist sympathizers from joining the party, shrewdly advising them to infiltrate the Social Democratic and Smallholders Parties instead. Undercover communists like the sociologist Ferenc Erdei and Istvan Dobi were thus able to inject defeatism among

the members of the non-communist parties (pp. 63, 65). Moscow intervened “behind the scenes” to make sure that only communists received key posts, unseating representatives who had originally been chosen (pp. 69-70). Borhi shows how Bela Kovacs, who had been nominated by the Smallholders to lead the Ministry of the Interior, was forced to relinquish the post to Imre Nagy (p. 77). In addition, the communists took credit for such universally popular measures as the return of Hungarian prisoners of war and land reform.

Meanwhile the Smallholders Party, despite its popularity, lacked guaranteed foreign support and made repeated concessions to the communists, hoping to appease them. Ubiquitous Soviet troops reminded them constantly of the power equation. Opportunist politicians like Tildy believed the Soviet Union intended to take over Hungary sooner or later (p. 65). Watching from afar, American and British officials did not realize their own power to influence the situation and perceived the democratic parties’ appeasement as a sign that Hungary was already within the Soviet sphere.

Borhi reveals that at one point George Marshall did consider sending financial aid to the Smallholders but then decided the money would be too hard to find (p. 96). Fears abounded that any American aid sent would simply get funneled into communist coffers. In December 1946, the Hungarian Defense Ministry’s Military Intelligence Department went for the jugular, accusing the Smallholders Party of a conspiracy against the republic (pp. 95-96). After a show trial, Istvan Kovacs, General Secretary of the beleaguered party, was sentenced to house arrest in February 1947 where he would remain for nine years (pp. 113-114). The Prime Minister Ferenc Nagy was prevented from returning to Hungary after a vacation in Switzerland and forced to resign. Borhi explains that even these last two events, while they alarmed the West, were insufficient to stimulate concerted action. Washington wanted to protest formally in the United Nations, but the British refused to join in, apparently believing that Moscow should be permitted a free hand in Hungary and Romania, however undemocratic the communists’ methods were (p. 119).

Chapter 4 (“Merchants of the Kremlin”) is one of the most interesting, yet discomfiting, chapters in the book since it cannot be read without repugnance and sadness as one reflects upon Hungary’s irrevocably lost potential. One wonders, tongue in cheek, why the USSR did not, in fact, catch up with and surpass the United States economically—as Khrushchev boasted it would—

considering the colossal capital gains acquired as a result of the Soviet exploitation of Hungary's economy in the postwar period. U.S. planners in the Allied Control Commission wanted to set the price of liberations on a percentage basis to avoid the kind of hyperinflation that beset Germany after World War One. But Moscow, with its troops on Hungarian soil, had the real power. Viewing Hungary as the vanquished enemy to be punished, Soviet officials in the Maisky Commission instead set a fixed price of 75 billion dollars. Even Stalin thought that amount exorbitant and adjusted it to 10 billion dollars (p. 143). Soviet economic initiatives were executed via the so-called Supreme Economic Council (SEC), which the Soviet representatives in the Allied Control Commission set up unconstitutionally by government decree. The SEC soon functioned as a "state within a state" (p. 142).

Hungary bore other expenses, Borhi tells us, that were not included in reparations, such as the cost of the Soviet troop presence. Other properties were carted off as "war trophies" and not included in the payment of reparations. The considerable labor performed in the Soviet Union by Hungarian prisoners of war was also not considered (p. 184). Moreover, the Soviets obtained uranium, bauxite, natural gas, coal, and manganese from Hungary free of charge or for very low prices (pp. 7, 11, 139, 223-224, 327). Soviet officials collected payment in an arbitrary and even self-defeating manner. They dismantled and carted off whole factories, even factories producing goods for the Soviet Union, often throwing thousands of Hungarians out of work (p. 149). In some cases, expensive industrial equipment was left out in the open at train stations to rust (p. 150). And, of course, Stalin forbade Hungary to receive any Marshall Plan aid. How could Hungary produce and receive wealth with which to pay reparations if the Soviet Union stripped it so mercilessly of its productive capacity? In addition, Hungary's labor force had decreased drastically due to both German and Soviet deportations (p. 144). The exact toll of the damage to the Hungarian economy may never be known, but Borhi wagers that Moscow extracted from Hungary the same amount as Austria received from Washington via the Marshall Plan, i.e., well above \$1 billion (p. 184). The Soviet Union's pillaging amounted to a blatant admission of the failure of the communist command economy: we cannot produce this wealth ourselves, so we have to take it from others.

Moscow stole American, as well as Hungarian, property. Soviet nationalization of property in Hungary led directly to the breakdown in Hungary's relations with the United States in the early 1950s (p. 184).

Borhi illuminates well two other underresearched events: the MAORT takeover and Vogeler Affair. Hungarian-American Oil Ltd. or MAORT (Magyar-Amerikai Olaj Rt.), built in 1938, was a subsidiary of Standard Oil of New Jersey, which owned 94 percent of the shares (p. 174). During the war, MAORT was sequestered to protect it from the Germans, but by August 1945 the Soviet Union had taken over operation of all oil fields and refineries in Hungary, including those of MAORT. (p. 174). In September 1948, during the "sabotage trials" against "bourgeois experts," two prominent American managers of MAORT, Paul Ruedemann and George Bannantine, were arrested by the AVH (secret police) chief Gabor Peter and accused of sabotaging MAORT's oil production to deprive Hungary of oil (p. 181). Seven years later (1952) MAORT was merged with the Hungarian-Soviet Oil Company or MASZOVOL and obtained control of 99 percent of Hungarian oil production (p. 174).

Robert Vogeler, deputy director of Standard Electric and IT&T in Hungary, was arrested on November 18, 1949 (p. 183). Incredibly, Budapest authorities barred the U.S. consul from visiting him and refused to permit Vogeler's attorney to enter Hungary. Not until 1951 was Vogeler released after Washington reopened U.S. consulates in Hungary and made concessions regarding the Voice of America (p. 184). By then all foreign capital investment in Hungary had disappeared as if through quicksand.

Borhi's exegesis of the Soviet "liberation" of Hungary and plunder of the Hungarian economy in the early postwar years helps one to grasp the extent of pent-up rage young Hungarians must have felt by the autumn of 1956. The sight of Soviet troops in Hungary was painful enough; having to foot the bill for their presence was even worse. Although the author does not state this explicitly, his earlier description of the MAORT and Vogeler affairs may also account in part for the strictly neutralist stance of U.S. diplomats like N. Spencer Barnes during the 1956 crisis and their preference for Cardinal Mindszenty over Imre Nagy. Having witnessed the ruthless violation of American property rights in Hungary, they may well have concluded that Hungary was a black hole, a lost cause, and that a hands-off approach was wisest. While Nagy was compromised in their view as a "Muscovite" communist present at the creation of the regime, Mindszenty was the martyred opponent of the Sovietization of Hungary from the start (pp. 78, 131, 209).

After discussing institutional aspects of the Soviet-Hungarian relations in chapter 5, Borhi then speculates upon the Soviet decision to intervene in Hungary in 1956.

He cites Hungarian and Russian documents, drawing also upon the insightful and ingenious analysis by Harvard University scholar Mark Kramer of the so-called Malin Notes, i.e., the brief notes of Soviet Presidium sessions taken by Vladimir Nikiforovich Malin, head of the General Department of the Soviet Communist Party Central Committee, which were published in Hungarian in 1996.[3] A large body of archive-based scholarship has been published over the past ten years by Hungarian, Russian, and American scholars on this key cold war crisis that interested researchers will want to consult.[4] The earliest Russian archive-based studies include the articles published in the early 1990s by Valerii Leonidov Musatov, a senior official in the Russian Foreign Ministry who had exclusive access to the documents, including KGB reports, well before they were declassified.[5]

The author correctly points out that the exact link between Hungarian calls for neutrality and the Soviet Presidium's ultimate decision on October 31 to launch a second invasion cannot be determined, but that the fear of losing Hungary as a Warsaw Pact member was undoubtedly one of the main factors influencing the Soviet decision. Borhi believes the Suez crisis also had a key impact: "Without the Anglo-French intervention on 31 October, the Soviet leadership would not have been so hard pressed to crack down in Hungary. The role of Suez in the Hungarian crisis was that it precipitated the Soviet invasion, while making it difficult for the U.S. to condemn it" (p. 251).[6] It appears, according to the Malin Notes, that Khrushchev may have decided to invade Hungary for fear that if he did not, the Americans would. (On October 27, 1956 Secretary of State Dulles announced in Dallas, Texas that the United States would not regard a neutral Hungary outside the Warsaw Pact as a potential military ally. It would be interesting to speculate what would have happened had Dulles instead reassured Moscow that Hungary would not be attacked even if Egypt was!)

In short, *Hungary in the Cold War* is a superlative contribution to the literature on Hungarian postwar history. It takes years to write a book, and Laszlo Borhi—like all serious authors, especially those who work in multiple foreign archives—should be commended for his effort. Given the coverage of other Cold War "hot spots," the book can serve as a useful textbook in undergraduate and graduate courses in Soviet and East European history at American and British universities. Other recently published books that might be assigned in conjunction with this one include Peter Kenez's new study, *Hungary From the Nazis to the Soviets: the Establishment*

of the Communist Regime in Hungary, 1944-1948 (2006). Kenez draws abundantly upon primary archival sources to describe the Soviet takeover of Hungary, focusing on Rakosi's "salami tactics," land reform, suppression of the Catholic Church, use of the cinema, and methods of mass mobilization. In *Agents of Moscow: The Hungarian Communist Party and the Origins of Socialist Patriotism 1941-1953* (2005), Martin Mevius shows how Hungarian communists cleverly played up nationalist symbols in order to defeat the non-communist parties. In *Imagining Postcommunism: Visual Narratives of Hungary's 1956 Revolution* (2005), Beverly James creatively compares the communist regime's smug and false narrative of 1956 with the multiple, polemical stories woven by competing political parties today in postcommunist Hungary.

To supplement Borhi's portrayal of the communists' economic destruction, Vladimir Tismaneanu's definitive work on Romanian postwar history, *Stalinism for all Seasons* (2003), is useful in illustrating the communists' inherent anti-intellectualism. Through the examples of Lucretiu Patrascanu, Miron Constantinescu, and others, Tismaneanu shows how it is usually the most conscientious, diligent, and intellectual individuals who are the most ruthlessly slandered by their amoral, narcissistic colleagues (Gheorghe Gheorghiu-Dej et al). Memoirs of this period, such as Peter Kenez's *Varieties of Fear: Growing up Jewish under Nazism and Communism* (1995) and Sandor Marai's *Memoir of Hungary, 1944-1948* (1996), will spice up any course syllabus. In short, Laszlo Borhi's *Hungary in the Cold War*, together with these other books, help us to grasp the intense drive of Hungarians today to join global institutions and pull Hungary up from the communist-era quicksand once and for all.

Notes

[1]. William McCagg, *Stalin Embattled, 1943-1948* (Detroit: Wayne University Press, 1978).

[2]. Graduate students and researchers wishing to "push the envelope" on the subject might consider work in other repositories of primary sources such as the Volunteer Freedom Corps, Psychological Strategy Board, Free Europe Committee, and CD Jackson Papers at the Dwight D. Eisenhower Presidential Library, Abilene, Kansas; the John Foster Dulles Papers at the Seeley G. Mudd Library, Princeton University; and the William Donovan and General Willis D. Crittenger Papers housed at the Army War History Center, Carlisle Barracks, Pennsylvania.

[3]. See Vyacheslav Sereda and Janos M. Rainer, eds.,

Dontes a Kremlben, 1956. A szovjet partelnokseg vitai Magyarorszagrol (Budapest: 1956-os Intezet, 1996). For the original Russian version, see Kak reshialis' voprosi Vengrii, "Istoricheskii arkhiv" no. 2 (1996): pp 73-104 and no. 3 (1996): pp. 87-121. For a more comprehensive collection of Russian documents, including the Malin Notes, see V. K. Volkov and V. Iu. Afiani, *Sovetskii Soyuz i Vengerskii Krizis 1956 Goda: Dokumenty* (Moscow: Rosspen, 1998). For English versions, see Mark Kramer's scrupulously annotated translation, "The Malin Notes on the Crises in Hungary and Poland," *CWIHP Bulletin*, 8-9 (Winter 1997): pp. 385-410, or Csaba Bekes and Malcolm Byrne, *The 1956 Hungarian Revolution: a History in Documents* (Budapest and New York: Central European University Press, 2002). For Kramer's brilliant analyses of the Malin Notes, see "Special Feature: New Evidence on Soviet Decision-Making and the 1956 Polish and Hungarian rises," *CWIHP Bulletin* 8/9 (Winter 1997): pp. 358-384; and "The Soviet Union and the 1956 Crises in Hungary and Poland: Reassessments and New Findings," *Journal of Contemporary History* 3, no. 2 (1998): pp. 163-214.

[4]. Archive-based studies or news articles published soon after Russian and Hungarian documents on the 1956 crisis were declassified include, in chronological order: Tibor Hajdu, "Az 1956. oktober 24-i moszkvai ertekezlet" *Evkonyv I* (Budapest, 1956-os Intezet, 1992), pp. 149-156; Fyodor Lukianov, "Khrushchev Kolebalsya, No Andropov Nastaival," *Izvestiia*, July 24, 1992, p. 6; Karoly Urban, "Nagy Imre, az allamferfi." *Multunk* 4 (1992): pp. 48-58; Janos M. Rainer, "1956-The Other Side of the Story. Five Documents from the Yeltsin File," *The Hungarian Quarterly* 34, no. 129 (Spring 1993): pp.100-114. In 1993, key documents from the Russian party archive were published in *Istoricheskii arkhiv*, nos. 4, 5, 6 (1993): pp. 103-142, 132-160, 131-144, respectively. I worked in Russian archives beginning in June 1992 when these documents were in the process of being declassified and published my findings in Russian in 1993 and English translations in the *Cold War International History Project Bulletin* (*CWIHP*) no. 5 (Spring 1995): pp. 23, 27-28, and 28-37 respectively. Other useful publications include S. Iu. Bulakh, Bela Zhelitskii, Iu. S. Novopashin, A.I. Puskas, V.T. Sereda, and A. S. Stykalin, *Vengriya 1956 g.: Ocherki Istorii Krizisa* (Moscow: Nauka, 1993); Janos M. Rainer, "The Yeltsin Dossier: Soviet Documents on Hungary, 1956," *CWIHP*, no. 5 (Spring 1995): pp. 22-27; Janos M. Rainer, "The Road to Budapest, 1956. New Documentation on the Kremlin's Decision to Intervene," *The Hungarian Quarterly*, vols. 36 and 37 (1996), pp. 24-41, and 16-31, respectively; Jeno Gyorkei and Miklos Horvath, *Adalekok a*

szovjet katonai megszallas tortenetehez; Szovjet katonai intervencio, 1956 (Budapest: Argumentum Kiado, 1996); Gyorgy Litvan, ed., *The Hungarian Revolution of 1956: Reform, Revolt, and Repression, 1953-1963* (London: Longman, 1996); Johanna Granville, "In the Line of Fire: the Soviet Crackdown on Hungary, 1956-57," *Journal of Communist Studies and Transition Politics* 13, no. 2 (June 1997): pp. 1-63; and Aleksandr Stykalin, "V Preddverii Vzryva: Uglublenie Politicheskovo Krizisa v Vengrii i Politika SSSR (mart-oktiabr' 1956 g.)" in *Konflikty v Poslevoennom Razvitii Vostochnoevropeiskikh Stran*, ed. Bela Zhelitskii (Moscow: Rossiiskaya Akademiya Nauk, 1997), pp. 38-68.

[5]. Musatov's studies include "Yanosh Kadar i Vremya Reform v Vengrii" in *Novaya Noveishaya Istoriya*, no. 3 (1990): pp. 138-156; "Operatsiya Vikhr," *Novoe Vremya*, no. 49 (1991): pp. 28-31; "O Vengerskikh Sobytiyakh: 35 Let Spustya," *Kentavr* (Jan.-Feb. 1992): pp. 32-44; "SSSR i Vengerskie Sobytiia 1956 g: Novye Arkhivnye Materialy" *Novaia Noveishaia Istoriya* (January 1993): pp. 3-22; "Pyat'desyat Shestoi." *Novoe Vremya*, no. 8 (February 1993): pp. 38-39; "Istoriya odnoi ssylki: 'Zhitie' Matiasa Rakoshi v SSSR (1956-1971 gg)" *Kentavr*, no. 6 (November-December 1993): pp. 72-81; "Tragediia Nadia," *Novaiia Noveishaia Istorii*, no. 1 (January 1994): pp. 164-173; and his book, *Predvestniki Buri: Politicheskies Krizisy v Vostochnoi Evrope* (Moscow: Nauchnaia Kniga, 1996). The memoirs of Lieutenant-General Evgenii I. Malashenko, commander of the Special Corps in Hungary shed additional light on military aspects of the crisis: "Osobyi Korpus v Ogne Budapeshta," *Voennoistoricheskii Zhurnal*, nos. 10, 11, and 12 (October, November, and December 1993) and No. 1 (January 1994), pp. 22-30, 44-51, 33-37, and 30-36, respectively.

[6]. As revealed in Russian documents which were accessible at least from 1992 to 1995, the Soviet Presidium and Foreign Ministry had been receiving reports from Soviet diplomats in Paris and London weeks, if not months, before the Israeli bombing of Egypt on October 29 and Anglo-French ultimatum of October 30, warning that the British and French were planning something in the Middle East. These documents are organized on microfilm in RGANI in Moscow, fond 5, opis' 28 (Sektor Evropeiskikh Stran Narodnoi Demokratii), roliki [microfilm] 5169, 5173, 5184, 5194-5195, 5199; dela 394-395, 403-405, 438, 476, 479, 480, and others. Records Presidium members received specifically relating to the Suez Canal crisis are located in fond 5, opis' 30, delo 162. Foreign ministry reports on the Suez Crisis are in the Russian Archive of Foreign Policy in fond 077 ("Referentura po

Vengrii”).

The Russian archives, incidentally, were re-named in March 1999. The Moscow-based Center for the Preservation of Contemporary Documents, (Tsentr Khraneniia Sovremennoi Dokumentatsii or TsKhSD) changed its name to Russian State Archive of Contemporary History (Rossiiskii Gosudarstvennyi Arkhiv Noveishei Istorii or

RGANI). The Russian Center for the Preservation and Study of Documents of Contemporary History (Rossiiskii Tsentr Khraneniia i Izuchenii Dokumentov Noveishei Istorii or RTsKhIDNI) was changed to the Russian State Archive of Social and Political History (Rossiiskii Gosudarstvennyi Arkhiv Sotsial'noi i Politicheskoi Istorii or RGASPI).

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