

**Wartime economy in peacetime:  
the agricultural policy of the Hungarian Communist Party**

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Following the main theme of the present conference, my paper focuses on continuity/discontinuity between war and planned economy in Hungary between the mid-thirties and mid-fifties. There was no room for this approach in Central and Eastern Europe before the political transition. Due to the official ideology, socialist planned economy could not be compared to a war economy serving imperialist purposes. However, sources of formerly classified archives opened after the transition showed the continuity of a number of institutions of war economy in the period after 1945. In fact, these institutions played an important part in the economic policy of the Communist party.

I examine the continuity/discontinuity in the domain of agriculture. This is, I believe, the area where the wartime institutions in Hungary continued for the longest time, albeit with different functions. One of the most important ones, the system of obligatory delivery was, for instance, abolished as late as in 1956, during the time of the revolution.

In the first part of my study I shall examine how intervention from the state was established before Hungary had entered the war and with which measures it was extended later on. In the second part I shall examine the elements of the system of war economy that persisted and those that were discontinued. In the third part I shall attempt to show you how the communist party integrated persisting institutions of war economy in the developing system of planned economy and which new functions they were given.

My study is primarily based on extensive archival research in Magyar Országos Levéltár (Hungarian National Archive). Considering the post-war period, the material collected mainly includes documents of leading bodies of the communist party<sup>1</sup>. These are documents of the Central Committee, the Political Committee and the Secretary. These documents, together with those of the Agricultural Department are of great value. Furthermore, I include in my paper laws and decrees, statistical sources as well as material from the contemporary press.

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<sup>1</sup> The name of the communist party in Hungary between 1945-1948: Hungarian Communist Party, between 1948-1956: Hungarian Workers' Party.

## **I. Agriculture in Wartime**

In the beginning of the 20<sup>th</sup> century, Hungary was part of the Austro-Hungarian Monarchy. Following the end of the First World War, supported by revolutions, this dualistic state disintegrated. As a consequence of the Trianon Peace Treaty, signed in 1920, Hungary had lost two third of its original territory and the population decreased to a mere 42% of the former figure.<sup>2</sup> Due to its newly gained independence, Hungary became fully dependent on foreign trade. This had a particularly grave effect on agriculture, which lost its former duty-free Austro-Hungarian buyer's market.<sup>3</sup>

An understandable but at first secretive ambition of Hungarian politics between the two world wars was revision of the Trianon Treaty. The political leadership found supporters of this ambition first in Italy and later in Germany. The increasing orientation towards Germany and Italy intertwined with the preparation for war. Due to the restrictions laid down in the Peace Treaty, this preparation was largely hidden. In 1938, however, a large-scale government investment plan was announced.

The so-called Győr Programme earmarked one billion pengős spread over five years, to be spent partly on armaments and partly on upgrading the infrastructure for their military deployment.<sup>4</sup> Even though Hungary only entered the Second World War with the military attack on the Soviet Union on 26 June of 1941, until that point, revisionist ambitions had been successfully carried out.<sup>5</sup>

Hungarian agricultural producers enjoyed the advantages of preparation for World War II. One reason for this was the vast opportunities of agrarian export in the 1930s, after Hungary had become strongly connected to Germany's „Grossraumwirtschaft” (large-area economy).<sup>6</sup> The other was that the prosperity of war preparation impacted the leather, the textile and the food industry, too, further increasing the demand for agrarian goods.

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<sup>2</sup> I. Romsics: *Hungary in the Twentieth Century*. Budapest, 1999. 117-125.

<sup>3</sup> With the disappearance of the positional advantages, the development of agriculture in the 1920s slowed down almost to a standstill. For all the evidence of stagnation, agriculture continued to be the principal export-earning sector for Hungary. The Great Depression had its most devastating impact on agriculture. The extraordinary collapse in agricultural commodity prices badly hit the Hungary's chief export sector. See more on this: M. Szuhay: *Evolution of Hungarian Agriculture during the Inter-War Years (1918-1945)* In: *Hungarian Agrarian Society from the Emancipation of Serfs (1848) to the Re-privatization of Land (1998)*. (ed. P. Gunst) New York., 1998. 177-190.

<sup>4</sup> As it turned out, a total of 1.6 billion pengős was actually spent for these purposes, and the programme was completed within a little over two years, by the autumn of 1940. I. T. Berend – Gy. Ránki: *The Hungarian Economy in the Twentieth Century*. Sydney, London, 1985. 112-132.

<sup>5</sup> The total area of territories retaken or awarded back to Hungary in the period between 1938 and 1941 covered over half of the losses sustained in 1920. Hungary's area had expanded from 93,000 to 172,000 sq. km and its population from 9 to 14.6 million. I. Romsics: *Hungary in the Twentieth Century*. Budapest, 1999. 197-204.

<sup>6</sup> Via supplementary treaties to a 1931 German-Hungarian trade agreement, Germany opened its markets to Hungarian produce. In addition to the high exports to Germany – which in late 1930s made up 50-60% and in

After 1941, however, the balance was not that favourable. First, the majority of soldiers enlisted in the army were peasants. This certainly had a negative effect on produce based mainly on human and animal working power.<sup>7</sup> Second, as the war had progressed, Germany made increasing demands on Hungary concerning agrarian products.<sup>8</sup> The essential question for the Hungarian government was: how to satisfy the increasing external demand from the Germans simultaneously with the increasing internal one due to the recruitment of soldiers.<sup>9</sup>

First, the government introduced measures concerning supply in stock and the distribution of agrarian products. The aim was to distribute the scarce supply according to governmental objectives. To achieve this, only a certain percentage of products was left for agricultural producers, the rest was handled by the state. In 1940 the Government issued a decree on the Sequestration of Agricultural Products.<sup>10</sup> Supply beyond household and economic needs was sequestered by the state and purchased at an official price. Producers as well as consumers were obliged to have their supply registered.<sup>11</sup>

In order to secure the rationed goods, trade was restricted, too. In the beginning, this applied only to corn. Distributors had to report their stock on a bi-weekly basis. In 1943, this measure was extended to distributors and buyers of all products to be delivered.<sup>12</sup> Warehouses had to have their stock registered on a regular basis, too. The transport of agrarian goods was only permitted with a transport pass and special permission. Later on, special centres were set

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1944 close to 74% of exports – Italy's buyer's market was also significant (12-20%). In view of the general squeeze on currency liquidity, the bulk of these transactions were organised within bilateral settlement mechanisms in which deliveries of goods in each direction were mutually balanced. For more on the adjustment of Central and Eastern Europe to the German war economy, see: I. T. Berend: *Decades of Crisis: Central and Eastern Europe before World War II*. Berkeley, Los Angeles, London, 1998.; *The Economic History of Eastern Europe, 1919-1975 II. Interwar policy, the War and reconstruction*. (eds. M. C. Kaiser – E. A Radice) Oxford, 1986.

<sup>7</sup> Between 1919 and 1938, there was no great progress in the mechanisation either of crop farming or of animal husbandry. The enormous surplus of agricultural labour force and the related extreme cheapness of labour meant that the modernisation of production progressed at a very slow pace. This can be seen in particular in terms of the number of tractors. In 1929 there were 6,800 tractors in Hungary. As a consequence of the Great Depression, in 1934 a mere 3,600 were in fact in use. P. Gunst: *Hungarian Agriculture between 1919 and 1945*. In: *History of Hungarian Agriculture and Rural Life, 1848-2004*. Budapest, 2004. 206-208.

<sup>8</sup> I. T. Berend – Gy. Ránki: *Economic development in East-Central Europe in the 19th and 20th centuries*. New York, London, 1974. 319-341.

<sup>9</sup> For a general introduction to the war economy in Hungary, see: Gy. Lengyel: *Institutions, Elites, Ideologies: From the Controlled economy to War Economy*. In: *Hungarian economy and society during World War Two*. (ed. Gy. Lengyel) New York, 1993. 3-38.

<sup>10</sup> It applied to the most important agricultural products: bread grain, leguminous crops, corn, potatoes and dried and dehydrated vegetables. In 1941, the sequestration also extended to sugar-beets, tobacco, industrial plants and all corn crops. See: 3.750/1940. Miniszterelnöki Rendelet [Decree of Government, hereafter: M.E.] In: *Rendeletek Tára* [The Collection of Decrees, hereafter: RT], 1940. 987-990.

<sup>11</sup> 4.810/1940. M.E. In: RT, 1940. 1773-1777.

<sup>12</sup> 2.980/1943. M.E. In: RT, 1943. 295-298.

up to control and manage the distribution of agrarian goods and livestock and keeping record of them (Centre for Corn Distribution, Centre for the Distribution of Livestock, etc.).<sup>13</sup>

In the gathering of supplies, the authorities did not rely on the patriotism of distributors, agricultural producers and mill-owners. The assertion of state interests required an efficient executive apparatus. In 1940, under the supervision of the Minister of Public Supply, they set up the National Office for Public Supply.<sup>14</sup> In 1941, the minister obtained the authorization to officially appoint a government commissioner if needed.<sup>15</sup> From 1943 on, practically every head of the county, the prefect became a government commissioner for public supply as well. It was them who were in charge of the public supply offices.<sup>16</sup> The basic records on obliged delivery were kept at the community councils. The most important document was the register of farmers. This document contained data on each piece of land, concerning their cultivation, the value of arable land given in gold crowns and the quantity of goods to be delivered. Agricultural producers obtained a farming certificate that contained the same data.

From 1941 on, commissioners went through the countryside with the task of officially controlling landowners and the potential excess in their produce. If it seemed necessary, the delivery was carried out by military units.<sup>17</sup> Failure to deliver one's goods became a criminal act. Crimes described as jeopardizing the interests of public supply were liable to up to one year imprisonment. In the case of a relapse or a stock more valuable than 20 thousand pengős, the duration of imprisonment could be up to three years.<sup>18</sup>

Measures of war economy involved two further areas: produce and consumption. Obligatory produce meant first of all that landowners were obliged to cultivate industrial crops. In 1942 every farm already had to produce sugar-beet, tobacco, fibre flax and hemp on at least the same area as the average in the previous two years.<sup>19</sup> In order to increase the production of sunflowers and castor beans orders were given that sunflowers were to be grown of at least 5% of ploughland of every farm larger than 28.75 hectares, while on smaller farms they had to be grown as a border crop alongside maize. Castor beans had to be

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<sup>13</sup> K. Szabó – L. Virágh: Controlling the Agriculture and the Producers. In: *Hungarian economy and society during World War Two*. (ed. Gy. Lengyel) New York, 1993. 127-135.

<sup>14</sup> 9.200/1940. M.E In: RT, 1940. 3143-3144.

<sup>15</sup> 510/1941. M.E. In: RT, 1941. 106.

<sup>16</sup> These offices kept record of persons unprovided for and they were in charge of distributing the food stocks. See: 1.780/1943. M.E. In: RT, 1943. 239-241.

<sup>17</sup> 777.000/1941. Közellátási Minisztérium Rendelete [Decree of the Ministry of Public Supply, hereafter: K.M.] In: RT, 1941. 4074.

<sup>18</sup> Law X/1941. In: *Corpus Iuris*, 1941. 40.

<sup>19</sup> 670/1942. M.E. In: RT, 1942. 126-129.

produced on 2% of the ploughland of all farms larger than 115 hectares. In 1943 this decree was extended to every farm larger than 8.6 hectares.<sup>20</sup> The Law on Agricultural Development also aimed to transform the structure of production.<sup>21</sup>

Restrictions in consumption became dominant from 1941 on.<sup>22</sup> The military attack on the Soviet Union demanded immense efforts from Germany so that allied countries like Hungary had to make increasing sacrifices. In 1941, in the course of economic negotiations between Germany and Hungary, Hungary undertook to deliver half of its surplus wheat and rye, 80% of its surplus maize and its entire surplus of oilseeds to Germany.<sup>23</sup> The only way to achieve this was through introducing flour- and bread coupons. This happened on 8 September of 1941 in the capital and its surroundings.<sup>24</sup>

In December 1941, Ribbentrop sent for Hungarian Prime Minister László Bárdossy who later reported on the conversation as follows: „He made references about them being at the maximum of their efforts and that he had to admit they needed everything in order to win this colossal fight. He told me that the main issue was oil and corn. He asked us to do all we can, considering that in the current battle it is them who make the greatest sacrifice. Hence, every country with some supply to offer should give it to the German Reich.”<sup>25</sup>

A few days later, German delegates arrived to make concrete demands on the delivery. This time they used stronger expressions. They made it clear that they cannot accept the argument that Hungary has no excess in certain products. They demanded that Hungary help them even if it required restrictions in home supply.<sup>26</sup> Due to this pressure, the per head ratio of bread had been reduced from 250 to 200 grams a day, the ratio of wheat from 2 to 1.6 kilograms a month.<sup>27</sup> The summer of 1942 saw further restrictions: the per head ratio of bread

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<sup>20</sup> 1.480/1943. M.E. In: RT, 1943. 223-228.

<sup>21</sup> According to Law XVI/1942, over ten years one billion pengős were to be spent on the development of agricultural production. In addition to the expanding of irrigation, the main targets were animal husbandry and the increased production of leguminous crops and industrial crops. See: Law XVI/1942. In: Corpus Iuris, 1942. 125.

<sup>22</sup> 4.630/1941. ME. In: RT, 1941. 1828.

<sup>23</sup> Magyar Országos Levéltár [Hungarian National Archive, hereafter MOL] Ministry of Foreign Affairs, Department for Economic Policy, Material of the Hungarian-German economic negotiations between 7-29 July of 1941.

<sup>24</sup> 9.230/1941. M.E. In: RT, 1941. 3793.

<sup>25</sup> MOL Ministry of Foreign Affairs, Department for Economic Policy. German file, 10 December, 1941. Res. 996.

<sup>26</sup> MOL Ministry of Foreign Affairs, Department for Economic Policy. German file, 12 December, 1941. Res. 1006.

<sup>27</sup> 100.300. K.M. In: RT, 1942. 539.

was reduced to 150 grams a day.<sup>28</sup> This data shows that Hungarian rations grew smaller than the German ones.<sup>29</sup>

The year 1942 is a landmark in several aspects. The state began interfering with agricultural produce in various ways. Until that point, the government took the household and economic needs of agrarian producers as a starting point and made use only of their excess. However, the amount of surplus produce had been very variable due to weather conditions, working motivation, and so on. All this showed particularly clearly in 1942 when a severe crisis in public supply emerged due to a crop failure.

The government saw the solution in a new quota delivery system. Therefore, in November 1942, the so-called Jurcsek-system was introduced, which was aimed at allowing the government to make use of an unchanging product quantity.<sup>30</sup> The net cadastral income, determined in gold crowns, which indicated the value of the ploughland, was made the basis of the system. For every gold crown of net income, 50 units of produce had to be handed over. Of this, 10 units had to be in the form of bread grain and 10 units in the form of fat (live pigs, oilseeds and butter were also acceptable). The remaining 30 units could be supplied by farms in the form of any produce they wished. (100 wheat units was equal to 100 kilograms of bread grain.)<sup>31</sup>

Hungary alone made a substantial contribution to the cereal supply of Germany and Italy, and after 19 March 1944 the country also shouldered the burden of supplying the German occupation troops. This was why rations were reduced further. Meanwhile Berlin was paying less and less for the goods, and the Germans made no secret of the fact that they regarded Hungarian export as „war contribution”.<sup>32</sup> Thus Germany’s total outstanding debt grew rapidly.<sup>33</sup>

Following the German occupation in March 1944 Hungary’s economy rapidly collapsed. From autumn 1944 the country’s territory gradually became a theatre of war. The retreating German troops appropriated the machinery and livestock of large estates, and

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<sup>28</sup> 111.300. K.M. In: RT, 1942. 3445.

<sup>29</sup> For a detailed comparison, see: Magyar Gazdaságkutató Intézet [Hungarian Economic Research Institute], Economic Situation Report, Nr. 50. 110-113.

<sup>30</sup> In 1942-43 Béla Jurcsek was the under-secretary of the National Office for Public Supply. He was appointed the Minister of Public Supply in March of 1944.

<sup>31</sup> 6000/1942. ME. In: RT, 1942. 2760.; 112060/1942. KM. In: RT, 1942. 3471.

<sup>32</sup> MOL Ministry of Foreign Affairs, Department for Economic Policy, Material of the Hungarian-German economic negotiations in 1942.

<sup>33</sup> German indebtedness at the end of 1941 had been just 140 million marks, 2 years later it was 1 billion marks and by the end of 1944 1.5 billion marks. See more on this: I. T. Berend – Gy. Ránki: Die deutsche wirtschaftliche Expansion und das ungarische Wirtschaftsleben zur Zeit des zweiten Weltkrieges. In: I. T. Berend – Gy. Ránki: *Studies on Central and Eastern Europe in the Twentieth century. Regional crises and the Case of Hungary*. Suffolk, 2002. 313-359.

emptied their granaries. The remaining scattered resources and the peasantry's food supply were requisitioned by the logistics branch of the Soviet army. In certain parts of the country, especially in the East, ploughing and sowing were left undone.

## **II. The Years of Transition, 1945-1948**

At the turn of 1944–1945, Hungary's international situation and political manoeuvrability was influenced decisively by the fact that the country had sided with the losers in the war, and that it fell under the Soviet sphere of interest as the result of the preliminary agreements between the Allied Powers.<sup>34</sup>

During the Second World War, 40% of the country's national assets were destroyed. This meant a loss of approximately 22 billion pengős (calculated according to the purchasing capacity of 1938). Even more serious than the material damage was the loss of labour force, which amounted to around 700,000 to 750,000 people, or, calculated according to the present territory of the country, about half a million people.<sup>35</sup>

Agriculture was hit by 17% of the total war-related losses of the Hungarian economy, and 53% of the war-related losses in the branches of production. The losses in terms of produce and livestock amounted to three-quarters of the total loss of 3.7 billion pengős suffered by the agrarian sector.<sup>36</sup> For a long time, the loss of produce stocks made it difficult to meet sowing-seed requirements, in terms of both quantity and quality. The 1945 cattle stocks were 43% lower than in 1938, while respective comparisons reveal a 60% loss in terms of horses, a 79% loss in terms of pigs, and an 80% loss in terms of sheep. The poor condition of the surviving animal stocks also hindered the regeneration of animal husbandry. Livestock losses led to a shortage of draft animals, inadequate manure production and the reduction of soil fertility. While the number of draft animals fell to a third, almost one-third of the meagre

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<sup>34</sup> The final armistice was signed on 20 January 1945 in Moscow. Until the signing of the peace treaty, the Allied Control Commission (ACC), made up of representatives from the United States, Great Britain and the Soviet Union, oversaw adherence to the conditions of the armistice. Since Hungary fell within the sphere of the Red Army's operations, the activity of the ACC was determined by its Soviet president, Marshall Voroshilov, then, from the spring of 1946, by General Sviridov. The ACC had a decisive influence over Hungarian domestic and foreign policy, since the Hungarian authorities were obliged to carry out and respect the instructions of the ACC. See the introduction chapter in: *Documents of the meetings of the Allied Control Commission for Hungary, 1945-1947*. Budapest, 2000. 9-24.

<sup>35</sup> Half of them were members of the Jewish population, the other half were soldiers killed in action or in POW camps, as well as civilian victims of the war. The massive number of citizens who were detained as POWs or dragged off to do forced labour in the Soviet Union, temporarily reduced the size of the able-bodied population. See, Tamás Stark.: Hungary's Casualties in World War II. In: *Hungarian economy and society during World War Two*. (ed. Gy. Lengyel) New York, 1993. 171-235.

<sup>36</sup> *Magyar Statisztikai Zsebkönyv* [Hungarian Statistical Handbook], Budapest, 1947. 227.

agricultural machine pool was destroyed. The lack of male labour force also delayed the regeneration of agriculture.<sup>37</sup> However, it is undeniable that despite the unfavourable material conditions, the ownership right changes brought about through land reform in March of 1945, released the peasants' desire to produce.<sup>38</sup> In the hope of working on their own land for themselves and their families, they began farming by undertaking incredible sacrifices.

In order to relaunch production in the industry, reorganise the public administration, and finance reparations and army supplies, the Government had in practice only one available means in 1945: the unsecured issuing of banknotes.<sup>39</sup> Besides the unprecedented rise in prices, another grave problem was that harvests in 1945 could not satisfy the requirements of the population. In the economic year 1945–1946, there was a 45 % stock shortage compared to consumption in 1938. Furthermore, a significant proportion of the harvested crops were required for the reparation deliveries, and to meet the needs of the ACC and of the occupying forces – at first a million, later several hundred thousand troops – stationed in Hungary.

The Jurcsek-delivery system, introduced during the war was abolished in early May 1945 as it had been promised by each and every party in the Provisional National Government: the Independent Smallholders' Party (ISP), the National Peasant Party (NPP), the Hungarian Communist Party (HCP), the Social Democratic Party (SDP), the Civic Democratic Party (CDP).<sup>40</sup> A few months later, however, its restoration was on the agenda again. It was argued that this was the only way to compensate for the damage done in agriculture during the war and reduced produce and meet the requirements of public supply as well as the ones laid down in the armistice agreement. There was a strong debate on the plans of a new delivery system between the Ministry for Public Supply, led by the Smallholders'

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<sup>37</sup> In 1945–1946, a total of 290,000 prisoners of war returned from the West, and 300,000 people returned from the Soviet Union. In 1947 and 1948, another 300,000 came back from the USSR, and even in 1949 several thousand POWs returned home. L. Izsák: *A Political History of Hungary 1944-1990*. Budapest, 2002. 26-28.

<sup>38</sup> The land reform resulted in far-reaching transformations in the production structure and ownership relations of agriculture, as well as in the structure of society. With the expropriation of medium-sized and large estates, the stratum of owners of medium-sized and large estates ceased to exist. On the other hand, the percentage of the landless agrarian proletariat fell from 46% in 1941 to 17%, while the proportion of smallholders rose from 47 to 80%, thus the proportion of private farmers within the entire population reached 43%. See more on this: Zs. Varga: *Agrarian development from 1945 to the present day*. In: *History of Hungarian Agriculture and Rural Life, 1848-2004*. (ed. J. Estók) Budapest, 2004. 221-225.

<sup>39</sup> While the circulation of bank notes increased 15-fold between 1938 and 1944, it rose by 36 times between May and December 1945. The rampant inflation in 1945-46 is listed in the Guinness Book of Records as the highest inflation in world history. I. Pető–S. Szakács: *A hazai gazdaság négy évtizedének története 1945-1985. I. (Az újjáépítés és a tervutasításos irányítás időszaka 1945-1968)*. [The History of Four Decades of Domestic Economy, 1945-1985. vol. 1, The Period of Rebuilding and Command Economic Planning, 1945-1968] Budapest, 1985. 67-82.

<sup>40</sup> 11.850/1945. K.M. In: Magyar Közlöny [Hungarian Gazette, hereafter: MK], 4 May 1945.

Party and the Ministry of Agriculture led by the communist party.<sup>41</sup> One of the debated issues was the basis of delivery. In the chaotic period after the war, the required official records were not available. In the end, it was the area of sown land that served as a basis for delivery. A further question on debate was if they should impose equal or different burdens on agricultural producers. Finally, it was the communists who came through with the principle of progressivity.<sup>42</sup> The „those who own more, should pay more” maxim meant in the case of bread-stuffs, for instance, that while those reaping from a land smaller than 2 hectares had to deliver 25 kilograms, those with a land of 7 hectares had to deliver no less than 120 kilograms per hectare. Soon, new decrees ordering the delivery of other sorts of crop (barley, millet, oat, oil seeds, potato, etc).<sup>43</sup> As a further burden, agricultural producers were obliged to pay even land tax in corn.<sup>44</sup>

Concerning the year 1945, it is important to point out that it was not only obligatory delivery system that persisted, but also measures serving forced produce and restrictions in distribution, too. We see a similar continuity at the executive apparatus. The Ministry for Public Supply kept functioning with an unchanged staff and extended scope of activities.<sup>45</sup> Even the function of prefects as governmental commissioners for public supply was reinforced.

In the context of a devaluing currency, increasing inflation and a general shortage of goods, farmers showed little willingness to surrender their first modest harvests, achieved at the cost of extreme efforts following the war, at the low official prices. A good illustration of contemporary agricultural price rates is the fact that, for the official price received for an ox weighing 500 kilograms, one could purchase a goose on the free market.<sup>46</sup> The compulsory delivery system did not therefore work out as planned, resulting in crisis conditions, particularly in the cities, at the turn of 1945–1946.

Confronted with the fact that the rations established earlier could not be supplied even approximately, the leadership of the Ministry of Public Supply lowered the basic ration of bread to 150 grams. In practice, the maximum bread ration for those involved in hard,

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<sup>41</sup> See the memoirs of the Prime Minister, Ferenc Nagy (ISP): Ferenc Nagy: *The Struggle Behind the Iron Curtain*. New York, 1948.

<sup>42</sup> 4.040/1945. M.E. In: MK, 1 July 1945.

<sup>43</sup> 102.900/1945. K.M. In: MK, 1 July 1945.; 104.300/1945. K.M. and 104.650/1945. In: MK, 10 August 1945.; 105.400/1945. K.M. In: MK, 2. September 1945.; 106.200/1945. K.M. and 106.000/1945. K.M. In: MK, 11 September 1945.; 106.700/1945. K.M. In: MK, 15. September 1945.

<sup>44</sup> 150.500/1945. Pénzügyminisztérium Rendelete [Decree of the Ministry of Finance, hereafter: P.M.] In: MK, 5 August 1945.

<sup>45</sup> 295/1945. M.E. In: MK, 27 February 1945.

<sup>46</sup> Magyar Gazdaságkutató Intézet [Hungarian Economic Research Institute], Economic Situation Report, Nr. 123.

physical work was reduced from 450 to 250 grams, while the ration for other manual workers was lowered from between 300 and 350 grams to 150 grams, and a special 50-gram additional ration was established for office workers and children.<sup>47</sup>

Perceiving the problems in public supply, the government went on narrowing down the number of crops to be distributed freely and brought up the possibility of severe sanctions. In December, they announced the collection of arrears in delivery, requisition. And in January 1946 they made arrangements to set up local committees for the collection of goods. It was these committees that had the task of going through the village and collect agrarian goods. From those fulfilling the delivery quota, they only collected the amount beyond their own needs, from those who had arrears, „all crop regardless of their own need”. To make matters worse, with an inflation rate getting out of control, the government became unable to pay for the collected goods.<sup>48</sup>

The year 1946 was marked by stabilization. In agriculture, it meant raising taxes and efforts made by state to increase the supply in stock. The decree on delivery made in 1946 took as a basis not the area of sown land but that of plough-land of the landowner with respect to the principle of progressivity.<sup>49</sup>

As I have already mentioned, in both 1945 and 1946, governmental forces used the exceptional situation following a lost war as an explanation for maintaining the obligations in agriculture that had been established in wartime. The parties of the coalition considered obligatory delivery a residue of the war, a contemporary, necessary bad thing that they intended to abolish as soon as the improving situation permitted.<sup>50</sup> In 1947, so it seemed, the time had come to do that.

The estimated crop in the spring of 1947 seemed so favourable that negotiations started within the parties as well as in the parliament on abolishing obligatory delivery. Imre Nagy, an agrarian expert of the communist party suggested that obligatory delivery be totally abolished in the case of a medium-quality crop. If the crop turns out to be poor, landowners with a smaller plot, be freed from the obligation. As a result of a long negotiation, the government assumed the position that in the case of a medium-quality crop, delivery shall be abolished, in the case of a poor crop the system persists, however, those owners with an area of land smaller than 4 hectares shall be freed from the obligation. Thus, it was the second

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<sup>47</sup> 105.500/1945. K.M. In: MK, 11 September 1945.

<sup>48</sup> Gy. Erdmann: *Begyűjtés, beszolgáltatás Magyarországon 1945-1956*. [Compulsory deliveries in Hungary, 1945-1956] Békéscsaba, 1993. 14-37.

<sup>49</sup> 2.340/1946. M.E. In: MK, 5 March 1946.

<sup>50</sup> These arguments can be traced well in the newspaper of the Smallholders' Party, (*Kis Újság*), as well as in the newspaper of the Hungarian Communist Party (*Szabad Nép*).

version that took effect.<sup>51</sup> As an encouraging sign, however, the Ministry for Public Supply had been abolished.<sup>52</sup>

In the autumn of 1947, following the elections, everyone was expecting measures to abolish further forms of state intervention and restore the free market. In reality, however, nothing happened. It is only proper to ask: what was going on in the background? Why was this question taken off the agenda? We should look for answers in the changes of international conditions.

The international political changes that took place in 1946 and 1947, and the intensification of the Soviet-American confrontation in particular, modified the Soviet Union's policy in East Central Europe. In September 1947, at the inaugural session of the Communist Information Bureau (Cominform), demands were clearly articulated for the acceleration of Sovietisation—or, to use the jargon of the times, of “the people's democratic revolution”—in the region.<sup>53</sup>

### **III. “The peasants must be forced to sacrifice more to build socialism ...”**<sup>54</sup>

Following the Soviet model was compulsory not only in terms of the establishment of the political and administrative structure but also with respect to economic policy. The typically war-time economic policy determined the management of the economy. In industry, nationalisation made it possible to eliminate goods, financial and market relations, and to convert to a centrally controlled system of production and distribution in which the quality and quantity of production by the now state-owned companies were prescribed by plan directives.<sup>55</sup> Thus the planned economy came into being.

The situation was somewhat different in agriculture, where private property continued to play a decisive role. The intention was to change this situation by the “Socialist reorganisation of agriculture”, that is, by collectivisation. The role the communists assigned to the co-operative groups was that of making it possible for the profit generated by agriculture to be siphoned off in a concentrated way into other spheres of the national

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<sup>51</sup> 100.700/1947. K.M. In: MK, 5 May 1947.

<sup>52</sup> XXXV/1947. In *Corpus Iuris*, 1947. 342-346.

<sup>53</sup> For more on this period, see: I. T. Berend: *Central and Eastern Europe 1944-1993: Detour from the Periphery to the Periphery*. Cambridge, 1996.; R. J. Crampton: *Eastern Europe in the Twentieth Century and After*. London, 1997.; M. Pittaway: *Eastern Europe 1939-2000*. London, 2004.; G. Swain – N. Swain: *Eastern Europe since 1945*. London, 2003.

<sup>54</sup> M. Rákosi: *Visszaemlékezések, 1940-1956*. [Memoirs] II. Budapest, 1997. 349.

<sup>55</sup> For a detailed analysis of this process, see the first part in: J. Kornai: *The Socialist system. The political economy of Communism*. Oxford, 1992.

economy, predominantly heavy industry.<sup>56</sup> Furthermore, it was far easier to siphon off income from a few thousand collective farms than from hundreds of thousands of peasant farms.

On 3 March 1949, the Political Committee (PC) of the Hungarian Workers' Party (HWP) passed a resolution stating that, in the course of the first five-year plan (1950–1954), the transition was to be accomplished from small peasant farming to large-scale farming. According to the plans of the party leadership, 60 % of arable land was to be cultivated by co-operatives, and 6 % by state farms, by 1954.<sup>57</sup>

Nevertheless, a huge conflict had emerged between the communist state, carrying out the collectivization, and the ambitions and interests of private farmers. The conflict grew particularly sharp in Hungary. This land reform in 1945 had smallholders gain strength in Hungary. The landowning class has become wider, the attitude towards property has become more favourable. It is therefore little wonder that 3-4 years later, only a small group of landless farmers and dwarf holders were interested in the idea of collective farming. The great masses of country population had no intentions of giving up their own estates.

The Party had all the necessary means for putting the new agricultural policy into operation. The background of institutions and decrees in connection with compulsory deliveries and taxation had been in existence for years. While before the elections in 1947 much had been said about the elimination of the compulsory delivery system, after 1948 there was hardly any mention of this. This silence is understandable from the point of view of the Communist Party, since amidst the tensions of the Cold War and preparations for a new world war, „the compulsory delivery system – as Ernő Gerő, the secretary of Economic Policy Department of Central Committee asserted – was an important means of siphoning off an income that they could not afford to neglect in financing the rapid development of military and heavy industry”.<sup>58</sup>

Even earlier, the compulsory delivery system had been something more than a way of accumulating resources. It had also served as a means of carrying out the redeployment of income on a large scale, since by paying delivery prices that often failed to cover even the

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<sup>56</sup> MOL M-KS 276. f. 53. cs. 13. ő. e. Jegyzőkönyv a Politikai Bizottság PB 1948. október 28-i üléséről. [Minutes of the PC of HWP] 28 October 1949. Agenda 2. Javaslat a közösen termelő szövetkezeti csoportok fejlesztésére. [Proposition of the Agricultural Department on the development of producers' cooperatives]

<sup>57</sup> MOL M-KS 276. f. 53. cs. 22. ő.e. Jegyzőkönyv a PB 1949. március 3-i üléséről. [Minutes of the PC of HWP] 3 March 1949. Agenda 2. Javaslat a mezőgazdaság öt éves tervére. [Proposition on the agricultural part of the first five-year plan]

<sup>58</sup> MOL M-KS 276. f. 53. cs. 40. ő. e. Jegyzőkönyv a PB 1949. november 24-i üléséről. [Minutes of the PC of HWP] 24 November 1949. Agenda 3. Előterjesztés az öt éves terv törvénytervezetére. [Submission to the PC on the plan of the first five-year plan]

costs of production, the state did not pay producers the value of their goods.<sup>59</sup> Thus the state budget not only had access to large stocks of crops virtually for free, but, after siphoning off significant income from agriculture, it redeployed it into other branches of the national economy—predominantly heavy industry—at its own discretion.

The growing expectations concerning delivery system offer us an explanation for the setting up of the Ministry for Food Supply in late 1950, led by Imre Nagy.<sup>60</sup> Its major task was the management of delivery, the wholesale distribution of goods as well as the food industry as such. The new ministry was put together from the departments of the Ministry for Light Industry and Home Trade.

The new ministry set up through a complicated reorganization and with a large apparatus was short-lived in this form. Only a year later, in January 1952, a separate ministry, the Ministry for Delivery was set up and food industry came under another one.<sup>61</sup>

The numeral data of the delivery plan, hence, the conception was prepared by the National Planning Office. The Ministry for Delivery was only responsible for its execution. Its duties involved, beside drawing up decrees, commanding the controlling apparatus, stockpiling and, partly, carrying out the distribution. The gathering of crop itself was carried out by local councils under the direct supervision of the presidents of the councils, with the help of special delivery departments. Commissioners of the ministries were present on the county and district level, too. These commissioners had the task of supervising the gathering carried out by the councils.

Following the instructions of the party, the Ministry for Delivery paid special attention to the fight against “kulaks”. The compulsory delivery system seemed particularly useful in view of the change in direction of agrarian policy that took place in the summer of 1948. Alongside the launch of collectivisation, the HWP attempted to narrow the production opportunities of those farming groups that were obviously impossible to win over to collective farming. By putting pressure on the wealthy strata of the peasantry, who were labelled “kulaks”<sup>62</sup>, the compulsory delivery system, as a means of expressing class

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<sup>59</sup> See more on the price policy of the HWP: S. Szakács: From Land Reform to Collectivization (1945-1956). In: *Hungarian Agrarian Society from the Emancipation of Serfs (1848) to the Re-privatization of Land (1998)* (ed. P. Gunst.) New York, 1998. 290-291.

<sup>60</sup> IV/1950. in: MK, 17 December 1950.

<sup>61</sup> I/1952. in: MK, 30 January 1952.

<sup>62</sup> The “kulak” was a person whose lands reached or exceeded 14.25 hectares, or whose net cadastral income reached or exceeded 350 gold crowns. By way of comparison it is worth mentioning that in the period between the two world wars the lower limit for wealthy peasant farms was 28.5 hectares, and for middle peasant farms 11.4 hectares, as a national average. J. Nagy: A kulákkérdés és megoldása az 1948-1953-as években. [The “kulak” question and its solution, 1948-1953] *Múltunk*, 1999/3. 41-97.

preferences, was also intended to demonstrate to other strata of the peasantry that there was no future in individual farming.

The progressive character of delivery quotas targeted the stratum of rich peasants. Furthermore, the circle of items for compulsory delivery was wider in the case of “kulaks”. The taxes and compulsory delivery quotas imposed on the “kulaks” were set so high that in practice they could not be met.<sup>63</sup> Failure to deliver, however, meant the imposition of default supplements and punitive interest, while inability to pay could result in the auctioning off of property, imprisonment or internment. Those, for example, who failed to deliver produce on time, were said to have committed a “public supply crime”.

While until 1951 it was predominantly the burdens on “kulak” farms that had increased, from the economic year 1951–1952 the burdens on all peasant farms rose dramatically.<sup>64</sup> The burden of forced delivery, determined annually, grew year by year. Irrespective of weather conditions, the amount of the crop to be delivered was simply raised. Whereas earlier it was the area of sown land and later arable land that served as a basis for delivery, from 1948-1949 on, other areas that belonged to the farm – in some cases even the reeds – counted as well. Simultaneously, as in other areas of economic life, agricultural procedures were regulated by meticulously detailed plans.<sup>65</sup> Initially, the tasks of production and cultivation were prescribed, after which the beginning and end of major agricultural work were defined by exact date.

Contemporary sources emphasized that fulfilling obligatory delivery was a civic duty, in fact, a matter of honour for peasants. This idea gave rise to the campaign of delivery competitions.<sup>66</sup>

Parallel to the increasing arrears with delivery and tax, the punishments were aggravated, too.<sup>67</sup> For those not fulfilling the duty of delivery in due time, the amount of goods to be delivered was raised by 5 to 10%. If that had not worked either, a fine was imposed with a collection on the spot after 48 hours. There was a case when the authorities

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<sup>63</sup> MOL M-KS 276. f. 53. cs. 48. ő. e. Jegyzőkönyv a PB 1950. március 23-i üléséről. [Minutes of the PC of HWP] 23 March 1950. Agenda 2. A Mezőgazdasági és Szövetkezeti Osztály jelentése a kulákság korlátozásáról. [Report of the Agricultural and Co-operative Department on the restriction of “kulaks”.]

<sup>64</sup> During the Rákosi-era, it was the 2/1951. törvényerejű rendelet [legally binding decree, hereafter: tvr.] that increased the burdens on peasants most. See: MK, 6 January 1952.

<sup>65</sup> For a full discussion of this system, see: J. Nagy: A paraszti társadalom felbomlásának kezdetei, 1945-56. [The disintegration of the peasant society, 1945-56.] Budapest, 2009. 107-126.

<sup>66</sup> MOL M-KS 276. f. 54. cs. 156. ő. e. Jegyzőkönyv a Titkárság 1951. augusztus 15-i üléséről. [Minutes of the Secretariat of HWP] 15 August 1951 Agenda 1. Nagy Imre jelentése a begyűjtési agitációról. [Report of Imre Nagy on the tasks of campaigning in the field of deliveries]

<sup>67</sup> MOL M-KS 276. f. 54. cs. 183. ő. e. Jegyzőkönyv a Titkárság 1952. március 5-i üléséről. [Minutes of the Secretariat of HWP] 5 March 1952. Agenda 1.c. Az 1951-1952. évi begyűjtés teljesítésével kapcsolatos problémák és teendők. [Report on the problems of the fulfilment of the delivery plan for 1951-52.]

cleared the debt by taking the landowners boots and duvet. In the Rákosi era, around 400,000 peasants were convicted on “public supply crime”.<sup>68</sup>

By employing force, the authorities managed to enforce the ambition to gather stocks and collect income in the short term. However, they failed to win the working motivation of peasants. The negative consequences showed within a few years: agricultural produce fell.<sup>69</sup> There were lapses in public supply (even in peacetime they introduced the rationing system more than one time). In early 1950s nearly 600,000 hectares were left uncultivated due to massive exodus from the land (the abandoning of land, the offering of land to the state on a massive scale, etc.).<sup>70</sup>

By the turn of 1952–1953 the situation in the agrarian sector had become dramatic. As a result of the ruthless collecting of compulsory delivery quotas—so-called barn sweeping—two-thirds of the 1.2 million farming families remained without enough grain for bread and seeds.

### Concluding remarks

The changes that followed Stalin's death in March 1953 at once aroused expectations and lessened the danger of a violent explosion of resentment. In Hungary these changes were associated with the person of Imre Nagy. The ‘New Course’ he announced in July 1953 involved a re-assessment of Stalinist agrarian policies and their partial correction. The subsequent directives of Nagy's government significantly reduced the peasantry's tax burdens and compulsory deliveries.<sup>71</sup> In December 1953 a new decree on compulsory delivery set out the regulations for delivery for three years in advance, making farming more predictable. It decreased the uncertainty involved in agricultural production.<sup>72</sup>

By the time the three-year period was over, history took the system of compulsory delivery off the agenda. During the revolution in October 1956, the government, giving in to

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<sup>68</sup> Gy. Erdmann: *Begyűjtés, beszolgáltatás Magyarországon 1945-1956*. [Compulsory deliveries in Hungary, 1945-1956] Békéscsaba, 1993. 98-137.

<sup>69</sup> The quantity of agricultural production during the five-year plan—with the exception of the positive year 1951—did not reach the levels of the last pre-war year, 1938. The production of bread grains, which was of crucial importance in public alimentation, showed similar tendencies. Animal stocks exceeded pre-war levels, by a few percentage points, for the first time in 1950. However, following the decline in 1951, the levels of 1950 could only be reached and surpassed by the middle of the decade. I. Pető– S. Szakács: *A hazai gazdaság négy évtizedének története 1945-1985. I. (Az újjáépítés és a tervutasításos irányítás időszaka 1945-1968)*. [The History of Four Decades of Domestic Economy, 1945-1985. vol. 1, The Period of Rebuilding and Command Economic Planning, 1945-1968] Budapest, 1985. 207-212.

<sup>70</sup> *Ibid.* 203-204.

<sup>71</sup> Az MDP Központi Vezetőség 1953. június 27-28-i határozata. [Resolution of the Central Leadership of HWP, June 27-28, 1953] In: *A Magyar Dolgozók Pártja határozatai, 1948-1956*. [Resolutions of HWP, 1948-1956] Budapest, 1998. 188-206.

<sup>72</sup> 1.080/1953. In: MK, 23 December 1953.

the demands made by peasants, abolished compulsory deliveries. The Kádár-government, rising to power after the repression of the revolution did not dare to restart it. For the sake of consolidation, they even tried to assume the abolition as their own achievement. This is indicated by the fact that the order of the Presidential Council of 12 November, made the abolition of the deliveries retroactive to the 25th of October.<sup>73</sup> The abolition of the much-hated Ministry for Delivery was announced, too.

Thus, in the interests of consolidation, the party-state was forced to sacrifice a means that it had regarded as indispensable for the realisation of its economic policy. This had far-reaching consequences for the peasantry, as it relieved them of a burden that had initially been placed on their shoulders by the war-time Government; that, in the second half of the 1940s, had been maintained in the interests of ensuring public alimentation and reparations; and that, from 1949, had been seen as an indispensable condition for the building of Socialism and thus pushed to its extremes. The abolition of the compulsory delivery system also brought an end to a period of powerlessness, over-regulation and “barn sweeping”, and resulted in a significant improvement in the situation of the peasantry.

With this measure, the state let go off one of the major tools to directly control agriculture. The majority of the party apparatus had serious doubts about it. They found it difficult to imagine how public supply could work without obligatory deliveries. As it soon turned out, land would still be tilled and sown, in fact, cultivated with great care. Hence, the abolition of obligatory delivery and other forceful measures in agrarian produce did not lead to the collapse of food supply but on the contrary, it led to enhanced working motivation and an increase in food supply.<sup>74</sup>

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<sup>73</sup> 21/1956. tvr. In: MK, 27 November 1956.

<sup>74</sup> For more on the agricultural development in the Kádár-era, see: Zs. Varga: The Impact of 1956 on the Relationship between the Kádár Regime and the peasantry, 1956-66. *Hungarian Studies Review*, Vol. XXXIV, Nos. 1-2. 2007. 155-176.