ABSTRACT OF THE PHD THESIS
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“Rolling rubles” – The secret ways of Communist party financing in the Cold War

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Subject

Despite being a popular subject of research in the field of contemporary history earlier, after the transition of 1989-1991, the international Communist movement got soon marginalized as a research subject. This phenomenon could be easily explained by the shifting trends in politics ending up in the departure from the idea of Communism, but this explanation should not be considered sufficient, especially in light of that at the age in question a remarkable amount of attention was devoted to the topic. The selection of the research topic of the present thesis has been motivated by the drive to redirect attention to the issue area of the international Communist movement.

Another reason is that no academic literature has been born on the topic so far in Hungary, not even in the early 1990s, when the question of money flow within the Communist movement got high publicity in the mass media. This phenomenon is however not specific to Hungary. Even in the Western countries, the inquiry stayed within the realm of investigative journalism and its publications. In contrast, historians continued to focus on the history of the Communist parties in the individual countries or to look at cross-party relations from a traditional angle without taking the aspect of economic-financial cooperation between those parties into account. The only exceptions might be Danish historian Morten Thing, author of a study on the financial relations between the Danish and the Soviet Union Communist parties, and editor of a comprehensive book on the Scandinavian Communist parties’ relations with the Soviet Union; and Soviet–Italian social scientist Victor Zaslavsky. In the former Socialist countries, no such academic works have ever been published, which again underlines the importance of this research project.

Considering that the question of cross-party financial relations has a clear international character, the focus of the present study should not be reduced to the activities of the Hungarian Communist Party. Contemporary researchers face difficulties with getting access to authentic archival sources. For instance, due to the restrictive regulations currently applied in Russian archives, many of the documents formerly available are not anymore accessible. The role of the Soviets in cross-party financing can therefore be reconstructed based solely on the works of Thing and Zaslavsky. To describe the international context, Hungarian documents and sources from the former GDR had to be consulted. Seeing that the East German and the Hungarian Communist parties were regarded as being totally different from each other, apart from creating a global context, these sources are suitable also for comparing the roles the two parties had in the system of cross-party financing.
Structure

The preface and the first two chapters can be conceived as introductory parts of the thesis and contain most of all the explanation for the research topic selection as well as a brief literature review and a methodological overview.

The reason why the literature review is unusually short is that the available literature is very limited. It has been subject to methodological debates for a long time if political science and other social science related works born in the era under analysis should be regarded as primary or secondary sources. We face the same dilemma when looking at the report books published by investigative journalists before or after 1990. Since those volumes use primary sources as the basic source of information, they were considered in this case secondary literature with the requirement of greater critical approach toward the conclusions they make.

Based on the same logic, the articles and analyses published in newspapers (and therefore not containing references) cannot be regarded as secondary sources, and these are thus discussed in the chapter dealing with primary sources. In the same chapter a brief overview can also be found on the few available pieces of the memoir literature. Due to the scarcity of memoirs, the vast majority of the primary sources used in the present research are archival documents. The chapter contains an extensive discussion of the methodological questions related to this source type. Methodological scrutiny is required also because of that the cross-party financial cooperation had a certain conspiratory nature, which also underlines the necessity of applying a strict critical approach. Furthermore, the chapter contains information on where and how the archival documents analyzed in the present thesis are available.

Oral history served as a special source of information. As part of the research, several personalities being in various leadership roles in the age examined have been interviewed to fill out the gaps in the written sources. The questions posed to the interviewees spotted rather on the grey areas instead of focusing on entire career paths. The information collected via interviewing was also limited in scope and in the time span covered as the witnesses still alive were active mostly in the 1970s and 1980s and therefore had no relevant memories from the earlier decades.

The two chapters following the introductory part discuss the history of cross-party financial cooperation. According to the literature, the fundamentals of the system have already been laid down before World War II. Right after the 1917 takeover, the Bolsheviks started to take the question of the proletarian internationalism quite seriously. Together with
the foundation of the Communist International (Comintern) in 1919, the channels for money transfers to the affiliate parties were also opened up. The chapter examines also the financial support provided for the Hungarian Communist Party being in exile after August 1919. The part dealing with institutionalization has the Department of International Relations within the Comintern established in 1921 in its focus with special regard to Osip Aaronovitch Piatnitsky, head of the International Department, and his role in the creation and operation of the system. It is also explained that the informal channels for providing financial support have been operating already in the 1930s, at that time mostly through the Soviet external trade network and the companies owned by some Western Communist parties.

A separate chapter discusses the impact of the events of the year 1945 on the cross-party financial cooperation, and brings it into the context of the bipolar structure, a primary characteristic of post-WWII international politics. The chapter shows that as a short-term impact of the 1945 turnaround, some of the Communist parties operating in the Western Bloc strengthened and even got into power, and therefore, at least during the period of increased political influence, they were not in need of Moscow’s financial support.

The year of 1947, seeing the Western Communist parties pushed back into opposition and the Communist Information Bureau (Cominform) established, has created a totally new scenario. The Western Communist parties were again in need of the financial support coming from the East. The methods and the tools applied by the Soviets and the East European Communists for supporting their Western affiliates have been coined from the pre-WWII period. It should be underlined that even in this interim period, the Western public was fully aware of that the financial support was still ongoing, though its scale often remained totally unknown to them. This attention is shown by for instance the debate held at the French National Assembly as a response to the miner strike organized by the Communists in November 1948.

The following three chapters discuss the history of the International Solidarity Fund being in operation from 1950 to 1991, founded in Bucharest, but officially seating in Moscow starting from 1966. The motivation behind its erection was to create an institutional framework for the cross-party financial cooperation. Its establishment was initiated by the Soviets, and the Communist parties already in power were liable for financial contribution. The parts dealing with the Stalin and Khrushchev periods focus on how the volume of contributions was changing, how the group of recipients was expanding, and how its operation was influenced by the Sino-Soviet split. The focus gets then turned to the day-to-day operation of the system. In this case, daily routine does not mean the lack of deviance
from a standard procedure, but it means rather that initiatives for change were quite rare and were never turned into practice, just as it is shown by the case of the reform suggestions of Boris Ponomarjow in 1956 and Anatoly Dobrynin 30 years later. The next chapter describes the development of the system during the period starting with Brezhnev coming into power and ending with the collapse of the Soviet Union. Special regard is taken on the negative impact of the Gorbachev reforms and on that the Solidarity Fund survived the collapse of the Eastern Bloc and was maintained by the Soviets alone in 1990-1991.

The following chapter attempts to give an overview of the informal channels of support by focusing on some international organizations and institutions linked to the Eastern Bloc (e.g. the World Peace Council, the World Federation of Democratic Youth, or the World Marxist Review/Problems of Peace and Socialism journal) and the financial aid transferred through some Western Communist press agencies. The greatest emphasis is given to the companies owned by the Western Communist parties and to the economic elite that gathered around them, based primarily on well-documented French, Italian, and Austrian sources. Even though the present thesis focuses on the structural characteristics, it also reflects on the role of some key personalities in the maintenance of the system (for instance Jean-Baptiste Doumeng and Rudolfine Steindling).

The next chapters shift perspectives and drive focus from the global context to the level of the individual parties. A separate chapter describes the relationship between East and West Germany when discussing the broad spectrum of tools applied: some rather evolutionary methods and more complex operations regulated by the external trade organizations, and, taken from a different angle, press offices and party-owned companies.

The comparative analysis is elaborated in the following two chapters and focuses on the East German and the Hungarian Communist Parties by examining the formal and informal channels they used and the decision-making mechanisms behind them, covering the entire period up until the collapse of the system in 1989. The first aspect is described in a chronological order, while the second one is structured thematically, trying to cover all channels (press, companies, etc.) that have been mentioned already in the previous chapters discussing the global context.

The closing chapter contains the findings and conclusions of the analysis.

In the appendix the verbatim publication of 25 documents (24 of these not yet published in Hungary) can be found. The two primary criteria for selecting the documents were the following: to be able to illustrate more than one characteristic of the phenomenon and therefore to have the potential to help its understanding, or, alternatively, to serve as key
documents of a certain period and thus to make the analysis of other documents easier. The pieces originally written in foreign language have been translated to Hungarian by the author of this thesis.

**Findings**

1. The types of cross-party economic-financial cooperation between 1945 and 1991 can be grouped into 3 categories: 1) direct support via the International Solidarity Fund established in 1950 and coordinated by the Soviet Union; 2) direct support on a bilateral basis; and 3) indirect support on an exclusively bilateral basis. At the first glance, the first two versions look very similar to each other; still, there are several reasons why they should be handled separately. On the one hand, the scale of the volumes of financial support was different. Tens of millions of dollars have been transferred on an annual basis through the Solidarity Fund, whereas bilateral relations meant considerably less money, even if the volume of support provided by the East German party to the affiliates in the 1980’s reached or sometimes exceeded the amount they transferred to Moscow. On the other hand, both the amount of individual contributions and the funds circulated through the Solidarity Fund were subject to the decision of the Soviet party leadership. In contrast, the bilateral way was fully owned and coordinated by the participants themselves.

2. Looking at the history of the international Communist movement, the activity of the Solidarity Fund and the system of providing economic-financial support to affiliate parties should be listed among its permanent elements. The evolution of that system coincided with the outbreak of the 1917 Revolution, and its dawn went together with the collapse of the Soviet Union. The impact of such developments within the international movement as for instance Eurocommunism was indirect only, and did not put its existence and principles at risk. Real problems were rather coming from the conflicts between the Communist parties already incumbent as well as the internal problems of the individual Socialist countries, such as the Sino-Soviet split, the Romanian alternative way, or the crisis in Poland. 1945 can be conceived as a milestone, in light of the fact that the evolving international system gave birth to the Solidarity Fund that served as the single multilateral framework for supporting activities. Neither 1956 nor 1968 had serious impact on the system of cross-party financial cooperation.
3. The one-party-state nature of the Communist dictatorships is palpable also in the issue area of financial support. Both the Soviets and the Communist parties of the East European countries used the channels provided by the establishment, most importantly the external trade network and the diplomatic services, for processing money transfers. However, the role of the state security agencies remains undefined. In the GDR and the Soviet Union, the Communist Parties involved the secret services in the operation of the system, while in relation to Hungary no evidence for such activities has yet been revealed. The question is if the Hungarian way is the single atypical case or it was rather up to the individual Communist parties to decide what methods to apply and what channels to use.

4. The relationship between West and East Germany was crucial not only in bipolar politics but also in relation to cross-party financing. Both the volumes of money transferred through this network and the mere existence of the direct and indirect ways of financing demonstrate the fact that East Berlin (and of course Moscow) looked at this connection as of key importance.

5. Comparing the Hungarian and the East German practices concludes that the institution of cross-party financing was regarded as of higher value by the East German Communists than by their Hungarian counterparts. The amount of money, transferred either through the Solidarity Fund or bilateral channels, well exceeded the Hungarian contribution. The East German party leadership has proven to be more proactive in collecting the necessary amount of foreign currency and also in spending it. The findings of the comparison draw the light also on the problem of collective leadership. While in the GDR the leader of the party had excessive authority for discretionary decision-making by having a special bank account and also rights to distribute the party funds available for open use. Such practices existed in Hungary only in a very short period of the Rakosi era (around 1949); later on the Hungarian party leadership preferred the organizational decision-making.

6. Looking at the question from a global perspective, it would be an exaggeration to think that the existence of the Communist parties in the Western Bloc was due to the annual support received from their Eastern Bloc affiliates. Even if the volume of donations was very high in absolute numbers, the total was finally divided into smaller parts depending on the number of recipients and the purpose. The majority of the support was received by the strongest and best-organized Communist parties and was used for intensifying their political activity. For some others, it was a tool to survive.
The amount of money, however huge it was, could never be enough for any of the Communist parties to get into power. The Soviets had however a different purpose; their primary intention with the financial support was to make their Western affiliates be capable of more intensive political presence than their size and financial conditions would have allowed. Nevertheless, losing ground due to the growing negative feelings toward the Communist ideology could never be counterbalanced by money injections.

Publications