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A reluctant and fearful West

1989 and its international context

How far did the West support the transformation of eastern Europe in 1989? Documents recently released from the Hungarian archives reveal how western leaders, without exception, deferred to the Soviet Union at the time, writes László Borhi. The threat of regional chaos and residual fear of German hegemony meant an overwhelming support for preserving the status quo as the events of 1989 unfolded.

From 1945 to 1990, Hungary was part of the Soviet Union's buffer zone that extended from the Baltic states to the Balkans, a zone in which Moscow had imposed clones of the Stalinist political system after 1945. It was a zone of political, military and economic interest, containing Marxist–Leninist client states whose leadership equated national interest with that of the world Communist movement and the Soviet Union. They performed imperial services — economic and military — for the Soviet Union. Hungary's sovereignty was usurped by the Soviet Union, which possessed unconstrained control of its foreign policy and its territory for military purposes. Initially Hungary, like other countries in the zone, constituted Soviet economic space and supplied the imperial centre with financial resources and raw materials. In later years the Soviet Union loosened its economic stranglehold but still kept Hungary in its commercial and economic orbit. The first ten years of Soviet rule in Hungary can be described as the most flagrant form of foreign control and dominance. From the 1960s, economic relations became somewhat more equal and Soviet control of Hungarian bilateral relations with the Western world was relaxed. However, the country remained under Soviet hegemony and was firmly embedded in the Sovietimposed military and economic alliances, the Warsaw Pact and Comecon.

Impending economic collapse, the fatal weakening of the Soviet Union and domestic changes that were rapidly spiralling out of control weakened the Hungarian Socialist Workers' Party (HSWP), which itself was split over the right course to take. But there were few options and concessions snowballed, each one leading to the next. The mushrooming of opposition movements, whose popular base grew exponentially from 1987, led first to the reintroduction of the multi–party system, then to the acceptance of free elections — which automatically entailed the renunciation of the monopoly of power by the party that had controlled and ruled the country since 1945. In an eventually successful effort to save itself, the reformers reinvented themselves and created a new formation that claimed to break with the past. Rapid and fundamental economic change was unavoidable: Hungary's debt trap had finally closed on the regime, with the estimation that by 1990 Hungary would be unable to service its debt. After flirtation with a fictitious notion called

market socialism, it became clear that nothing short of capitalism could save the country from impending catastrophe. Transparency, the liberation of the press from a half-century of totalitarian shackles, shook the foundations of the regime by revealing the crimes committed by the police state. There was a deluge of previously banned writings of all political hues. Last but not least, Communist political legitimacy rested on the myth that the uprising of 1956 had been a counter-revolution. This was shattered when a representative of the regime itself, Imre Pozsgai, publicly declared that 1956 had been a popular uprising.

However, from an external perspective the changes were taking place rapidly, even too rapidly. Might this not lead to a new 1956? Might not transformation turn into collapse and lead not to an orderly democracy but to an abyss? What was being brought into question was the foundations of the post-war international order. With the opposition and even Communist reformers raising the issue of Hungarian neutrality, might not the Warsaw Pact and with it European peace and security collapse?

What I wish to examine here is the attitude of the Soviet Union and the Western powers to the regime change in Hungary during that crucial year of 1989. The examination is primarily based on recently released documents in the Hungarian archives which reveal what Soviet and Western politicians told Hungarians about their attitude towards transition. It will be argued that there was a meeting of minds between Moscow and the West that the foundations of the Yalta structures should survive, albeit on a cooperative basis. As NATO's Assistant Secretary General for Political Affairs put it in November 1989, the "Warsaw Pact [...] could well perform useful functions and enhance stability" if reformed on the basis of strict equality.¹ From early 1989, Hungarian officials had pushed for a radical transformation of the Warsaw Pact's decision-making process. But opposition parties began to question membership of the Pact early on in the year and top-level Hungarian officials broached the issue of neutrality in September. Quitting the pact enjoyed tremendous support: it would symbolise the regaining of sovereignty.

Few predicted in January 1989 that by the end of the year Hungarians would be at the forefront of the dismantling of the Iron Curtain. As the year began, reformers within the ruling party and the democratic opposition were split as to how far it was desirable or even possible to go towards full democratisation and the restoration of national sovereignty. Although the Soviet leadership had seemingly reconciled itself to democratisation, renounced the Brezhnev doctrine and agreed to a partial troop withdrawal, Gorbachev was unready for the unification of the continent, or to give up Moscow's military and economic control of Hungary, and was wary of the infiltration of Western influence.

The West faced a dilemma. Fundamental political and economic changes were required in Hungary to avoid massive unrest, which in turn could throw the country into disarray with unforeseeable consequences for regional stability. But if changes spiralled out of control the consequences could be dire. Thus the West supported transformation along a tightrope: going far enough to satisfy the domestic appetite for democracy and to stave off economic collapse, but stopping short of upsetting the international status quo and thus peace and stability in Europe. In July 1989, the deputy head of the Hungarian Socialist Workers' Party Central Committee's foreign relations department, Imre Szokai, summed up the Hungarian perception of Western attitudes:

it is the firm view of our West European partners that to preserve European stability and the historically evolved status quo there should be no regime change in Hungary, Hungarian politics should not impinge upon the Soviet Union's security, military and political interests (they consider even mention of exit from the Warsaw Pact a dangerous fiction). [...] The activities of [US] ambassador Mark Palmer and his associates are in stark contrast to this.²

But Palmer's activity did not necessarily reflect the views of his government. He later admitted to having had "differences of opinion with some members of the Bush administration about how aggressively an ambassador could support the opposition".³ Although Washington's grand strategy was "to end the Cold War and the division of Europe through the peaceful, democratic transformation of the eastern half", in its practical implementation US policy was cautious and not all that different from the European approach. Reforms outpaced even the boldest objectives.⁴ For example, the Bush administration envisaged a transition period of some years to full democracy. This was in tune with the situation in Hungary up to around mid-1989.

Soviet moves were hard to predict. Although Gorbachev had repeatedly suggested that the Brezhnev doctrine, maintaining Communist Parties' monopoly on power and adherence to the Warsaw Pact, would not apply, his statements were not sufficiently unambiguous to be entirely relied upon.⁵ Moreover, some elements of the Soviet elite were known to deplore the "loss" of Eastern Europe.⁶ The threat of Soviet intervention influenced American thinking.⁷ Although successful Hungarian reforms could help *perestroika*, the loss of Eastern Europe could lead to Gorbachev's removal, which in turn could end reform and Moscow's rapprochement with the West. The retraction of Soviet power, which safeguarded regional stability, could have adverse consequences — such as the reappearance of regional conflict or even the resurgence of German hegemony. Rapid changes in the East could hinder the Western integration process. Ultimately the preservation of stability prevailed in Western thinking.

Soviet and Hungarian visions of the future diverged and Hungary pushed for fundamental change in bilateral relations. The time seemed ripe for such a transformation. In the summer of 1988 Soviet Foreign Minister Shevardnadze admitted defeat in the Cold War:

The West beat us in all important fields, we are unable to bear the burden of the continual arms race [...] Halting the arms race has absolute priority, we must use every occasion to reach agreements.⁸

Mikhail Gorbachev hoped that Budapest would "solve its problems by better utilising the possibilities of socialism"⁹ and he still wanted to "demonstrate the superiority of socialism".¹⁰ What the Soviets failed to realise was that the *ancien régime* could be discarded altogether. In July 1989, when the multi-party system had already been recognized, Anatoly Dobrynin confided that the Soviet leadership had not even considered the possibility of a coalition government in Hungary.¹¹ Was Eastern Europe still an asset? CPSU (Communist Party of the Soviet Union) analysts thought that trade with Eastern Europe "greatly favoured" the Soviet Union.¹² Moreover, Hungary suffered from a large and growing Soviet trade deficit in transferable roubles. But converting the system to US dollars, as proposed by the Hungarians, could

produce a crippling Hungarian deficit of 1.2 billion dollars within a year. Hungary depended on Soviet energy, but bilateral trade seemed a zero-sum game. As CPSU analysts argued in early 1989:

From the outset [the socialist states] formed a security zone, which provided strategic defence for the centre of socialism. Today [...] the role of Eastern Europe remains essentially the same,¹³

The previous year Gorbachev had announced unilateral troop reductions in East-Central Europe and the western military districts of the Soviet Union. This coincided with Hungary's own (budgetdictated) decision in March 1989 to reduce its own forces and a party resolution on May 16 to push for Soviet troop withdrawal. But Gorbachev protested that the proposed reduction was hasty and should be a function of the Vienna arms reduction talks. The same applied to Soviet troop reductions. In Vienna, Hungary pushed for the reduction of Hungarian forces and Soviet withdrawal. Although it seemed that the Soviet military "no longer regarded the stationing of troops in adjacent states a prerequisite of security," the Soviet position shifted only slowly.¹⁴ In March Gorbachev rejected the dissolution of the Warsaw Pact, which he sought to retain on a democratised basis.¹⁵ Soviet Deputy Foreign Minister Ivan Aboimov regarded "the presence of Soviet troops in Hungary an important guarantee of European security" and was worried by demands for their complete withdrawal.¹⁶ Soviet Defence Minister Dmitrii Iazov asserted that the Warsaw Pact was "the only guarantee" of European stability and would "remain strong, irrespective of developments in Eastern Europe".¹⁷

Gorbachev's "common European home" did not envisage European reunification as it ultimately unfolded. In April 1989, high-ranking MID (the Soviet Ministry of Foreign Affairs) officials explained that Gorbachev's vision was built on "respect for European political and territorial realities, [and] maintenance of the alliances" based on cooperation. The German question would be solved on the basis of a common German identity but on two German states.¹⁸ In briefing the Warsaw Pact allies on the Malta summit, Gorbachev declared that although there was an

"objective need for efforts to overcome the division of Europe, [it was] unacceptable to realise unity based on the liquidation of socialism and exclusively on the basis of Western values, the replacement of the Brezhnev doctrine with a sort of Bush doctrine."¹⁹

Thus the initiative for liberation had to come from outside the Soviet Union.

Neutral Austria, which had built a close relationship with Kádár's Hungary, was sensitive to challenges to Soviet control because of its precarious geographical position, the proximity of Soviet forces and its vulnerability to a potential flood of refugees. Only two days after the HSWP Central Committee (recognising a *fait accompli*) made its historic decision on 11 February 1989 to accept a multi-party system and a reevaluation of the 1956 Revolution (effectively removing the ruling party's legitimacy), the Hungarian Prime Minister Miklós Németh explained to the Austrian Chancellor Franz Vranitzky that Hungary would introduce democracy and a "socialist market system". Vranitzky stated that "the danger of domestic changes in Hungary spiralling out of control causes great anxiety in the Austrian leadership."²⁰ The Hungarian Foreign Ministry learned that the then governing Austrian Socialist

Party was baffled and deeply troubled by the discussion of neutrality and the question of 1956 underway in Hungary, and was sceptical about the possibility of "real elections".²¹ The Austrian opposition politician Friedhelm Frischenschlager stated that "European stability rested on the status quo."²² Austrians emphasised Gorbachev's precarious position and the dire consequences of his potential removal.

Aside from the president of the Wiener Allianz, Ernst Baumgartner, who advocated Hungary's return to the principles of Leninism, Austrians recommended slow and predictable democratisation.²³ The general secretary of the Austrian Foreign Ministry, Thomas Klestil, queried Hungary's foreign minister, Gyula Horn, about the limits of transformation and whether these limits would lead to tension with the Soviet Union. Austrians feared the ramifications of change. Their foreign minister, Alois Mock, was concerned that the Hungarian decision in February to remove the border fences would mean an increase in the number of East European refugees arriving in Austria. Growing financial burdens could lead Austria to alter its refugee policy.²⁴ By mid-summer, Austrian socialists were expressing anxiety that the HSWP might collapse and anarchy would set in, seeing this as a danger just as real as the reversal of reforms. Their message, as reported by the Hungarian embassy in Vienna, was that "Hungary should not cause a headache for Europe again."²⁵ Austrian views remained unchanged throughout the year. A spokesman of the Austrian right-of-centre People's Party reiterated that the Soviet Union and the stationing of Soviet troops abroad were important factors in stabilising Eastern Europe, a statement likely prompted by rumours of an impending Romanian attack on Hungary.²⁶

Austria took part in the Quadragonale initiative launched by Italy in Budapest in November; this aimed at promoting regional cooperation between Italy, Yugoslavia, Austria and Hungary in industry, science, transport and environmental protection. The Italian foreign minister, Gianni De Michelis, saw this as Italy's way of helping the region to find its place in the common European home. However, the project, despite Soviet and American blessing, was not entirely altruistic. Harking back to the old rivalry between Rome and Berlin, an Italian official explained in mid-October that it was "more advantageous for Hungary to use Italy's mediation towards the EC than Germany's". One must take into account, he argued, the problems with the balance of power which may arise "once Germany is unified."²⁷ The Hungarians were receptive, but problems arose with Yugoslavia and Austria at an early stage. In 1990, the Quadragonale was broadened into a Pentagonale involving Czechoslovakia as a fifth partner, but the initiative petered out.²⁸

The Hungarian Archives contain little evidence on Bonn's policies towards the security and political aspects of the transition. Through its *Ostpolitik*, Bonn had built close relations with Budapest. German economic activity was particularly strong and the Federal Republic became Hungary's largest Western trading partner. Bonn's approach paid off in 1989 when the Németh administration drove a nail into the German Democratic Republic's coffin by allowing East German citizens who had decided not to return home to cross Hungary's western border into the West.²⁹ This move was not intended to secure economic favours, which Budapest counted on and received, but as a test case of Hungary's democratisation. In June, a German-Soviet joint declaration was issued, which affirmed the principle of self-determination and a commitment to overcome the division of Europe. A commitment to self-determination had already been made and Gorbachev's notion of European unity was probably different from that of Chancellor Kohl, who on

June 12 declared that Germany would not destabilise Poland or Hungary by intervening in their affairs. Two days later Kohl outlined his position on Hungary: Hungarians "should not accelerate events, because they could lose control over them and the system would terminate itself".³⁰ When Horn broached the question of Soviet troop withdrawal on the occasion of the German chancellor's visit to Budapest in December 1989, Kohl did not express an opinion on the topic.³¹

Rather more information is available on French policies. Robert Hutchings has observed that "Eastern Europe had little place in the French strategic vision except as part of the distant goal of a Europe free of the superpowers."³² The French historian Thomas Schreiber has written that some French political circles were not enthusiastic after the Polish elections and the opening of Hungarian borders to East Germans and that President Mitterrand himself remained cautious.³³ Both of these judgments are supported by Hungarian documentary evidence. Only briefly had Eastern Europe ever played a pivotal role in French policies. From 1920, Paris supported the Little Entente to safeguard France's eastern security against Germany and Russia, but without providing explicit security guarantees.³⁴ From the mid-1930s the French backed away from the constellation they had created in Eastern Europe. Although the 1960s saw renewed French interest in the region, Paris was not about to take responsibility for it and the French were far less active economically in Eastern Europe than West Germany. Mitterrand turned down Kohl's offer for a common policy towards the region, even though France was wary of German designs in the eastern half of the continent. Paris may have found it too risky to support changes that threatened to upset stability behind the Iron Curtain. Domestic changes there had to satisfy the criteria of stability and predictability.

Initially Mitterrand was forward-looking. In November 1988, he talked to the HWSP's First Secretary Károly Grósz about the need to transcend Yalta and for Europeans to decide on their own fate. Mitterrand emphasised the need for cooperation "against American cultural expansionism on the wings of Japanese technology".³⁵ This was perhaps a hint that it was more important to rid France of the US than to rid the East of the Soviets. In early 1989, French business circles began to take an active interest in Hungary. Although the Hungarian estimation was that France recognised the economic inroads that Germany was making, not even a symbolic measure was taken to facilitate Hungarian exports to France.³⁶ The French response to the abolition of the single-party system was cautious. It was reported that because of the anxiety exhibited by political circles regarding the pace of reform, the French company Matra cancelled its plans to create a joint venture in Hungary.³⁷ On 15 February, Mitterrand's advisor, Loïc Hennekine, told Hungarian diplomat László Vass that Paris supported Hungary's reforms, but did not want these to destabilise the continent, or to lead to a political and economic crisis.³⁸ A Hungarian summary of French views emphasised that they deplored "demagogic" demands such as Hungary's exit from the Warsaw Pact. Paris did not understand why, in contrast to Poland, the government backed down against the opposition. A more gradual, predictable reform process was required.³⁹ Although Jacques Attali opined that in ten years' time Hungary might become a member of the European Community, on 28 February 1989 the French minister in charge of planning, Lionel Stoleru, told the president of the Hungarian National Planning Office, Ernő Kemenes, that the EC wanted to become a bastion in the economic struggle against the US and Japan and that therefore transition in the East should not impede the strong union of the twelve member states. A rapid acceleration of the reforms in Eastern Europe,

Stoleru thought, would lead to catastrophe.⁴⁰

In October, the HSWP was dissolved and the party–state system that had existed in Hungary since 1948 came to an end. The rapid collapse of the Communists alarmed the French Socialist Party, which expressed the view that the victory of the right was not in the interests of Western Europe or Hungary.⁴¹ On 17 November, the general secretary at the Elysée, Jean–Louis Bianco, explained that Western assistance to Hungary should not interfere with Hungarian–Soviet relations. The Soviets had clarified the limits of East European change, which were the continued existence of the alliances and the inviolability of boundaries, conditions that the US and Western Europe accepted.⁴² Director of the Quai d'Orsay Jacques Blot described the dangers of an exclusive German orientation to a Hungarian diplomat, arguing that France could provide the right political, cultural and economic counterbalance.⁴³ In early December, former French president Valéry Giscard d'Estaing met Imre Pozsgay. Giscard claimed to agree with Mitterrand that the transition period in Hungary would be lengthy. But membership in the EC required compatible economies and membership of NATO, which according to Giscard ruled out even Austria's entry.⁴⁴

It was apparent to Hungarians that France wanted slow and limited change. According to a briefing on Mitterrand's talks in the GDR that the Hungarians received from the French Embassy in East Berlin, Mitterrand regarded unification a German matter but preferred to maintain the GDR's international status. Unification should not lead to destabilisation in Europe or border changes.⁴⁵ In Budapest in January 1990, while his Hungarian hosts underlined the importance of French support for the transition, Mitterrand declared that he came to give an impetus to bilateral relations and to discuss the future of Europe. Earlier, he argued, Europe had been under the "tutelage" of Great Powers, but the Bush–Gorbachev meeting in Malta offered the opportunity to transcend this. Since 1945, there had been no stable continental balance, and this would have to be rectified through negotiation. German unification was unavoidable, but should not be hastened. It would take at least ten years to build a European confederation. Political and legal arrangements would have to be made between the two halves of Europe to guarantee security and economic cooperation.⁴⁶ Thus the Soviet bloc would survive at least temporarily. In this respect there had been no change in Mitterrand's position since 1988.

Alongside France, Britain had been the architect of the inter–war order in Central Europe. London had sought to balance the French presence in the region, had tried unsuccessfully to identify a state on which to build British regional policy but had soon become disenchanted with the successor states and abandoned an active regional role.⁴⁷ As Geraint Hughes has shown,

traditional British policy towards Eastern Europe [...] emphasised stability rather than self–determination [...] violent uprisings [...] could have a dangerous impact on European security."⁴⁸

In 1989, London perceived similar threats if the reforms went too far. Hutchings argues that "British thinking [...] saw few prospects for meaningful change and many dangers for the cohesion of the West."⁴⁹ Geoffrey Howe, the Foreign Secretary, admitted that changes in Eastern Europe raised a number of strategic issues, primarily in Western policies towards the Soviet Union.⁵⁰ Initially London suggested that Hungarian reforms might improve Gorbachev's

chances. Margaret Thatcher, who had been sceptical about Kádár's reforms, told Hungary's Foreign Minister Péter Várkonyi in mid-March 1989 that the success of Hungarian *perestroika* could influence Gorbachev's choices and serve as a model for the Soviet Union.⁵¹ The British prime minister claimed to have told Gorbachev that Hungary was a showcase for socialist transformation.⁵² The phrase "socialist transformation", a term used by the conservative wing of the reform Communists in Hungary, suggested that Thatcher was mindful of Soviet concerns. A few days earlier the British ambassador in Budapest had asked opposition leaders to be more patient with the Hungarian leadership and not cause unnecessary complications.⁵³ In September, Thatcher assured Gorbachev of her sympathy with the Soviet position according to which reform in Eastern Europe should not question the Warsaw Pact.⁵⁴ In acknowledging Soviet primacy in Eastern Europe, the prime minister was acting in the traditions of British policy towards that region since 1944. The Hungarians were told that European stability rested on Soviet security, which enjoyed priority over reforms in Eastern Europe. The Foreign Office expressed Thatcher's cautious views even more emphatically.

On 11 October, Foreign Office officials explained that the future of Eastern Europe depended on progress in the Soviet Union, which was the most dangerous state in Eastern Europe and hence needed, for the good of all, to feel secure. The dissolution of the Warsaw Pact would increase the Soviet sense of insecurity and be unpredictable in its outcome. Therefore Britain attributed great significance to regional stability and advised the reform states to be cautious: too many things should not be changed at once, although London hoped to provide economic assistance to Poland and Hungary. The question was how this could be done without jeopardising mutual security. Finally the British declared their hope for the presence of reform Communists Pozsgay, Németh and Horn in a coalition government after the election, which could then expect London's support, just like Solidarity in Poland had received.⁵⁵ On 27–28 November, the Hungarian State Secretary of Foreign Affairs, László Kovács, met William Waldgrave, David Ratford and Percy Cradock in preparation for Németh's meeting with Thatcher. The Prime Minister's dilemma, they informed Kovács, was how to help reform without "causing problems for Gorbachev". Changes had to be "peaceful and evolutionary" so as not to endanger European stability. They claimed that in her recent talks with President Bush, Thatcher had argued that in order to offset the uncertainty caused by the rapid change in Eastern Europe, the two military alliances needed to be preserved while broadening their contacts. Concerning the EC, Thatcher's proposal was a treaty of association for Hungary, but full membership would depend upon a long-term change of European structures.⁵⁶

At their meeting on 13 December 1989, Németh claimed that this was the first occasion when it was unlikely that Moscow would intervene. The most important thing, he thought, was for Gorbachev to succeed. Although he was under fire, "the KGB and the army stands behind him." Németh pleaded for Western assistance in the transition, which otherwise would stand no chance. Hungary's success could bolster Gorbachev and reforms in other socialist states, while failure could worsen the situation. Németh expressed his gratitude to Thatcher and President Bush for avoiding even the semblance of profiting from the developments in Eastern Europe. Németh was grateful for a Western policy that eschewed strident rhetoric — in contrast to 1956 — but this did not mean that he liked being told to stay in the Warsaw Pact. It is no coincidence that he tried to persuade Thatcher (and later Bush) that Moscow would not intervene. Had the Hungarian public known about the Western stance on the preservation of the status quo, there would have been an outcry.

Thatcher stated that Gorbachev needed Hungary as a positive example against that of Poland, which in her view was heading for crisis due to its catastrophic economic state. She emphasised the need for a "responsible" Hungarian opposition. British aid took the form of a £25 million know-how fund.⁵⁷ According to a Hungarian appraisal in early 1990, London was still worried about destabilisation stemming from radical changes in Eastern Europe and emphasised that stability was to be preserved by the two alliances, Soviet security concerns being recognised as legitimate.⁵⁸ In early 1990, Foreign Minister Gyula Horn told his British counterpart Douglas Hurd that Hungary was "looking for a new, realistic framework of security" with neutrality being a viable option since the Soviet Union no longer offered an "adequate guarantee" given the uncertainty prevailing there. Hurd emphasised the importance of NATO in guaranteeing a US presence in Europe and in constraining Germany, something which was a "European interest".⁵⁹

Just like its member states, the European Commission groped for an appropriate response to the eastern challenge. In January, Jacques Delors, the Commission President, talked about the advantages of a single European market. On the subject of the common European home, Giovanni Januzzi, who headed the EC Secretariat for Political Cooperation, told the Hungarian ambassador in Brussels that the EC had no intention of "surrendering its own building".⁶⁰ The Community sent mixed signals. At the G7 summit in July it was decided that the European Commission would coordinate aid to Poland and Hungary offered by the G24. Simultaneously, Januzzi outlined EC expectations for Hungary, welcoming its rapprochement with the Community without expecting it to "eschew socialism" and to adopt "wild capitalism". Hungary could have a Communist-led government alongside membership in the WTO on the lines of French participation in NATO. For the sake of European stability, Januzzi claimed, it was Hungary's "obligation" to remain in the Warsaw Pact.⁶¹ In the same month, a Hungarian request for the removal of quantitative limitations on Hungarian exports and for a Yugoslavtype asymmetrical trade agreement was rejected. In September, the EC decided on a 300-million ECU aid package to Poland and Hungary, with a further 50 million ECUs for environmental protection. By the time of the Paris summit in November, it became clear that changes in Eastern Europe were irreversible.⁶² As a result, the Phare (Poland and Hungary: Assistance to Restructure their Economies) programme was launched, a Generalised System of Preferences — lower tariffs — was given and quantitative restrictions were lifted for Hungarian industrial products. But these concessions were carefully calibrated to involve only a small number of Hungarian goods; they affected only a small percentage of exports and protected EC commodities from Hungarian competition.⁶³

Early in the Cold War the US had sought to undermine Communist regimes in Eastern Europe. After 1956, the notion of liberation was discarded and gradually the Soviet occupation of Eastern Europe was accepted, even though the US never renounced democratisation as an eventual aim. Having failed in 1956, Washington was cautious. In 1972, Secretary of State William Rogers told Kádár that the US wanted to develop bilateral relations "as it suits Hungary without disturbing its relations with third countries". On 13 February, 1989 President Bush committed the US to a policy that moved beyond containment. The Cold War had to end where it started, in Eastern Europe, which was elevated to the top of the international agenda on 17 April. A free Eastern Europe would "reinforce further development in East-West relations and all its dimensions"⁶⁴

Hungarian–US relations improved over the decades, but still suffered from the remnants of the Cold War: trade controls on the part of the US, espionage and illegal acquisition of technology by Budapest. Although the Hungarians desperately wanted a relaxation of Cocom restrictions as well as Most Favoured Nation status, both were denied. The American response to Hungary's critical balance of payments deficit was insensitive. Presidential envoy John Whitehead complained about the Hungarian surplus in bilateral trade. In April 1989, State Department officials told a Hungarian diplomat that Hungary "could not count on large financial support from the US even though political developments could possibly justify it".⁶⁵

Budapest understood that Washington expected predictable, gradual and peaceful change. Deputy Secretary of State Lawrence Eagleburger praised Hungarian boldness in opening the Austrian border and expressed sympathy for its reforms.⁶⁶ US sources nevertheless suggested that Washington expected changes to remain under control. Moscow's tolerance limit was thought to be unpredictable.⁶⁷ In May, Bush's visit to Warsaw and Budapest was announced. Soviet reactions were mixed. Shevardnadze welcomed the visit and declared that Moscow would respect the rights of nations to choose their own path.⁶⁸ But an article in the Soviet army's periodical *Krasnaya Zvezda* of 12 May accused the US of "driving a wedge between the socialist countries", of "trying to alter the balance of power on the continent" and of "casting doubt on European realities".⁶⁹ In a private message on 4 July, Gorbachev asked Bush to be "more considerate if he wants to help".⁷⁰

In his dramatic visit to Budapest, Bush stressed non–intervention. The Chairman of the HSWP, Rezső Nyers argued that not since 1947 had Hungary had such freedom of manoeuvre. Németh claimed that the "Brezhnev doctrine is dead" and said that Hungarian reforms could strengthen Gorbachev's hand. According to the Hungarian records Bush declared, in line with what other Western leaders were saying, that he "did not mean to cause *problems for Gorbachev* (emphasis added) or the Hungarian leadership and has no intention of interfering in the relations between Hungary and its allies".⁷¹ In Hutchings's version Bush added, "the better we get along with the Soviets the better it is for you."⁷² West European and US attitudes towards the transition in Hungary were very similar. The President met members of the opposition, who made a poor impression on him. Referring to the modest economic package, Nyers informed Gorbachev that the President's visit had "left no illusions" but that Bush emphasised American neutrality in domestic affairs.⁷³ In late September, Hungary's president, Mátyás Szűrös, raised the question of Hungary's neutrality with US National Security Advisor Brent Scowcroft, who reiterated that the US "wanted to appear helpful but not provocative".⁷⁴

Beside concern over the Brezhnev doctrine and *perestroika*, there was another problem. On 13 September, Eagleburger warned that

reform in the Soviet bloc and the relaxation of Soviet control over Eastern Europe are bringing long–suppressed ethnic antagonisms and natural rivalries to the surface and putting the German question back on the agenda.

Eagleburger suggested that the US would not be the key player:

it is ultimately the Europeans themselves who have the principal stake in making the transition to a new and undivided Europe a peaceful and orderly one.⁷⁵

Concern for regional security was not unfounded. Hungarian–Romanian relations had plummeted and on 19 June, the Ministry of the Interior warned the HSWP leadership of Romanian preparations for military action against Hungary in the autumn.⁷⁶ In this light, Hungarian leaders, including future Prime Minister József Antall reaffirmed Hungary's commitment to the Warsaw Pact.⁷⁷ Antall told Aboimov that Hungary wanted "guarantees" within the alliance "against potential attack from the neighbourhood [...] we cannot exclude the danger of a [Romanian] attack". But Aboimov may have been aware that Hungary was already exploring other possibilities and warned his interlocutor that "any breach of European stability would create a very dangerous situation."⁷⁸ In his assessment of the Malta summit, Gorbachev claimed that Bush "accepted the stabilising role of the military–political alliances [...] and caution was needed in the withdrawal of troops stationed abroad as well".⁷⁹ At Malta, Gorbachev pledged non–intervention, troop withdrawal and an opportunity for Eastern Europe to choose its own political system. In return, Bush pledged not to take advantage of the situation.⁸⁰ For the time being, European security structures would remain in place. According to State Department officials, the alliances would be "pillars of European security".⁸¹

In 1989, Communist rule in Hungary was on the verge of collapsing. The only way out of impending economic catastrophe and the ever–increasing domestic pressure for democratisation and the restoration of national sovereignty was for the ruling party to gradually dismantle its dictatorial rule. Archival records reveal what Western officials of various levels actually said about their policies towards Hungary. They intimated that, at least in part, the Cold War was about the retraction of Soviet power behind the Soviet Union's borders and the reunification of the continent. When the moment came Western powers saw both an opportunity and dangers ahead.

Transition from a relatively stable and predictable world to an unpredictable and possibly unstable one was risky. Despite statements in memoirs to the contrary, relations with Eastern Europe were still subordinated to policies towards the Soviet Union. Western leaders *without exception* repeated that their policies in Hungary were not meant to "cause problems for Gorbachev". Fears of German hegemony (amplified by the prospect of unification), the threat of regional chaos and conflict made a continued Soviet hegemony in a democratised and cooperative form an appealing solution. The West, while seeking a "gradual and peaceful" transition to democracy, put stability and peace before full selfdetermination in Eastern Europe. In the new structure, the two cooperative parts of Europe would be bound together by a network of political, economic and security arrangements, but the division would stay nonetheless. The Soviet military presence in Eastern Europe would be reduced or even eliminated, but the Warsaw Pact would continue to function.

Moscow gave repeated assurances that the Brezhnev doctrine was dead and that it tolerated democratisation, wherever it might lead. But the Soviets made it clear that they preferred it to stay within the confines of Socialism. The West was also willing to see democratic governments under reform–Communist leadership. Gorbachev hoped to preserve the Soviet bloc in a more democratic form: the Soviet leadership regarded the Warsaw Pact as a pillar of stability and peace. Strange as it may sound, in 1989, for the first time since 1945, there was a meeting of Soviet and Western minds about an important aspect of the European structure. But in the course of that year, events in Hungary and Europe moved beyond this scenario and Moscow refrained from trying to stop

the process from unfolding. The West, in the face of irreversible transformation of the East European scene and German unification, would accept the eventual restoration of self-determination and a full end to Communist power in Eastern Europe. But continental reunification would be a long and painful process for the subjects of the former Iron Curtain countries.

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