

## Karl Polanyi and Oszkar Jászi: Liberal socialism, the Aster Revolution and the *Tanácsköztársaság*

Karl Polanyi is the author of a modern social science classic, *The Great Transformation*, as well as a number of well-known and widely debated essays collected in *Trade and Market in the Early Empires* and *Primitive, Archaic and Modern Economies*. These texts were researched and written either during his second exile in 1930s Britain or in post-war North America. German speakers, in addition, are able to access his journalistic articles and philosophical essays from the inter-war period, thanks to the three-volume *Chronik der großen Transformation* published by Metropolis Verlag. Not so well known, however, are his writings from the 1910s. With reference to new translations of his Hungarian writings, to interviews with his daughter, Kari Polanyi-Levitt, to unpublished correspondence and other materials in the Karl Polanyi Archive (Montréal) and the Széchényi Library (Budapest), as well as to biographical essays by György Litván, Ferenc Múcsi, Évá Gábor, Erzsébet Vezér and others, this article explores Karl Polanyi's intellectual and political engagements in that decade, including the Galilei Circle and the Radical Bourgeois Party, before turning to contextualize and discuss his views on the Aster Revolution and the Councils' Republic.<sup>1</sup>

### Upwardly mobile yet at the margin: the educated Jewish bourgeoisie

In its rudiments, the story of Karl Polanyi's early years is well known. He was born in Vienna but when still an infant his father, Michael Pollacsek relocated the family to Budapest. As a child, Karl grew to know both the prosperity that *fin-de-siècle* capitalism could offer and the unsteadiness of the ground upon which it rested. Michael Pollacsek ran a railway construction company the income from which enabled him to acquire a grand flat on the *Andrassy út*. In a land of savage poverty the Polanyi children were raised in luxury; in a country with a literacy rate of under 50% they received the best education that money could buy. It is safe to suppose that Karl's life-long dedication to the socialist cause was based in part upon an early awareness of iniquitous social division. In addition he was keenly aware of the instability of the capitalist economic system, for in 1900 his father's business collapsed. For the Polanyis, straitened times followed: a descent from upper bourgeoisie down into the middle class.

Through good times and bad the Polanyi family remained a central fixture of Budapest's radical intellectual scene. Karl's mother, Cecile, established a salon to which she would invite the brightest lights of the Budapest intellectual scene, showcasing new talents and artistic movements. In the recollection of her friend Oszkár Jászi, "The mistress of the house, sparkling and witty" would perform "aerial somersaults among various ideologies" and excelled at discovering new talents and "taming them to her taste."<sup>2</sup> Cecile's letters to friends and family brim with her passion for literature, modern art and social science, with eulogies to poets such as Schiller, Burns, Heine and Petöfi, and discussion that ranges from Picasso and Simplicissimus to Friedrich Engels. ("Ich kann Nietzsche und Spencer Extasen erleben" captures something of the tone.<sup>3</sup>) In addition to her role as intellectual and artistic impresario she engaged in practical ventures of an equally pioneering kind, including the founding of a women's lyceum, 'A Magyar Nők Tudományos Továbbképző Tanfolyama.'<sup>4</sup>

The Pollacsek-Polanyi family belonged to the educated Jewish bourgeoisie, a layer that was in the swing of a remarkably rapid social advancement, and this was in most cases combined

<sup>1</sup> The Hungarian writings referred to in this essay were translated (or summarized in English) by Adam Fabry and Kinga Sata. Translations and summaries were facilitated by generous grants from the Nuffield Foundation and the Amiel-Melburn Trust. For additional funding I extend my thanks to Brunel University's School of Social Sciences.

<sup>2</sup> Quoted in Kadarkay 1991, p.89.

<sup>3</sup> Szechenyi Library Archive box number / file number 212/14 Cecile to 'Lieber Freund' (n.d.) and 212/26 Cecile to Adolf (n.d.).

<sup>4</sup> Gantner, 2006.

with cultural assimilation. By and large, Karl's family should be categorized as assimilated – his mother converted to the Protestant faith and the children, albeit non-baptized, were brought up as Protestants – although his father did retain his formal membership of the Jewish community and refused to magyarize his name. Whether or not they converted, Jews in Hungary did not consider themselves to be a national minority and even for newcomers assuming the Hungarian national identity generally seemed a straightforward and comfortable process. In pre-war Hungary Jewish assimilation could hardly be described as forced. In the mid-1890s the Jewish faith was accorded the same privileges as the Christian denominations and Jewish representatives were accorded seats in the upper house of parliament. The Liberal party championed Jewish emancipation and was rewarded for doing so: half of Budapest's electorate was Jewish, and Liberal deputies were elected with impressive majorities.

Yet, whether assimilated or not, Jews experienced discrimination and marginalization as a result of which they were peculiarly "*déclassé*, unstable and free of any precise social attachment"<sup>5</sup> – typical, indeed, of the *sozialfreischwebende Intelligenz* that one of their number, Karl Mannheim, was later to describe. As such, their condition was eminently contradictory:

deeply assimilated yet largely marginalized; linked to German culture yet cosmopolitan; uprooted and at odds with their business and bourgeois milieu of origin; rejected by the traditional rural aristocracy yet excluded in career terms within their natural sphere of acceptance (the university).<sup>6</sup>

They were, moreover, disproportionately likely to join radical or revolutionary political parties. As Karady and Kameny have commented,

the formation of a hard revolutionary core within the liberal intelligentsia seemed directly indebted to the rigidities within the marketplace of intellectual occupations, in which institutionalized anti-Semitism within certain professional bodies (such as higher education) was but one aspect ... that could only reinforce the conviction held by the excluded that 'normal' integration into the intellectual marketplace required subversion of the ground-rules.<sup>7</sup>

As a result of their critical estrangement from society and unique insight into the experience of oppression and social exclusion the characteristic stance of Jewish radicals was that of the 'conscious pariah': they spurned the sycophancy of their conservative fellows, and rejected not only the chauvinism of aristocratic Hungary but also Zionist separatism in favour of a universal humanism. In contrast to "those who bought themselves into baronies," György Litván has explained, "leaders of the counterculture, and the Jewish intelligentsia within it, did not seek assimilation by artificial means, but rather sought to create an order in which the whole issue of assimilation was irrelevant"<sup>8</sup> – a political community based on universalist criteria rather than on the tribal particularism of the nation state. With regard to the 'unique insight into the experience of oppression,' however, one blind spot existed: towards their own ethnic group, particularly its traditionalist variants. They had little but scorn for those who stuck to an ethnic Jewish identity, seeing it as antithetical to modernity, patriotism and liberalism. Even radicals such as Jászi spoke of traditionalist Jews as superstitious and "cowardly wearers of the yellow patch" and lamented "the defects of the Jewish character ingrained by centuries of ghetto life."<sup>9</sup> Karl Polanyi, in his daughter's words, took a similarly "politically incorrect" view. In connection with his "desire to become Hungarian" he would lament the fact that Jews "have a divided loyalty: to their tribe and their country," and "looked down in particular on those Jews who came from the ghetto and

---

<sup>5</sup> Löwy 1992, p.32.

<sup>6</sup> Löwy 1992, p.32.

<sup>7</sup> Quoted in Löwy 1992, p.37.

<sup>8</sup> Quoted in Janos 1982 p.181.

<sup>9</sup> Janos 1982, p.181.

retained their culture.”<sup>10</sup>

As regards national identity citizens of Jewish extraction were known for their patriotism and Polanyi was no exception. That patriotism, however, could hardly be organic or unreserved; indeed, there is a sense in which he was an émigré in his own country. “I never quite belonged to Hungary,” he wrote his brother Michael towards the end of his life;

The first language I heard spoken was German, I suppose; the second was English; Hungarian reached me together with French. That’s why my roots were not in the Hungarian soil, which I did not touch until the age of 12, in the *Gymnasium*.<sup>11</sup>

Despite – or perhaps because – of this ‘deficit’ he was, at that same age, quite the Hungarian chauvinist. “Blimpian” was the term he used in retrospect, as he recalled his reaction upon discovering that many of the country’s inhabitants were national minorities: “Unable to speak Hungarian?! And yet they claim the right to live in ‘our’ country, to eat ‘our’ bread?”<sup>12</sup> But this was an eccentricity of childhood and yielded before long to the perspective that he retained throughout his adult life, summarized by his daughter as “opposition to the chauvinist nationalism of the ruling circles and the bourgeoisie, but wholehearted enthusiasm for the Hungarian nation.”<sup>13</sup>

## A radical generation

Karl Polanyi belonged to the ‘Great Generation,’ a group that consisted mainly (although not exclusively) of intellectuals and artists of Jewish extraction. They faced markedly different circumstances to their parents and responded in singular and quite extraordinary ways. Their parents had come of age during an epoch in which life was becoming steadily more secure for the Jews of Budapest. In the third quarter of the nineteenth century domestic agricultural prosperity had underpinned a pronounced liberal trend in economic policy. From 1867, Hungarian liberalism experienced its golden age: freedoms of press, speech, assembly and religion were granted, and Judaism was put on an equal footing with other religions. Liberals – including Polanyi’s father – believed that Hungary was securely positioned on the highway to modernity headed in the direction of Western Europe, the signposts towards which read *laissez-faire* and free trade, gradual democratization, civil liberties and tolerance. For bourgeois Jews of that generation full equality was not yet in their grasp but life was manifestly more tolerable than it had been for their parents and grandparents.

In many respects Karl adopted the attitudes of his parents and their peers. But his generation faced different circumstances, and altogether darker trends, not least in the shape of anti-semitism and chauvinism. These bore a warning: that the progressive potential of the transition to *Gesellschaft*, of Enlightenment and liberal values, could not be taken for granted. During the ‘Great Depression’ (1873-1896) the liberal consensus on the benefits of international trade and investment evaporated. The liberal faith that social progress would arrive courtesy of capitalist development was evaporating. Instead, commodification and marketization seemed to beget all manner of disagreeable phenomena – the destruction of rural communities, exploitation, moral regression and philistinism. In the wake of the Europe-wide agricultural crisis liberal economic policy was reversed and protectionism gained ground. As tariffs, cartels and other protectionist measures proliferated, a new form of ‘organized capitalism’ arose, centred upon interventionist economic policy and close cooperation between banks and states. Imperial rivalries intensified, involving an arms race and diplomatic tensions that culminated in the ‘Great War’ of 1914-18.

---

<sup>10</sup> Kari Polanyi-Levitt, interview with the author, Montréal 14.07.2006.

<sup>11</sup> 57-8, Correspondence: Karl Polanyi – Michael Polanyi. Karl to Michael 21.10.1959. References of the form “1-11” denote folders and files in the Karl Polanyi Archive, Concordia University.

<sup>12</sup> Polanyi 1946 p.94.

<sup>13</sup> Kari Polanyi-Levitt, telephone interview with the author, 08.11.2007.

In comparison to Western Europe and even neighbouring Austria, conditions in Hungary remained backward. The parliament had a very restricted franchise: for the regions studied by Dániel Szabó the electorate in 1910 comprised seven per cent of the population.<sup>14</sup> In effect, proletariat and peasantry were excluded from representation in Parliament, as were the minority nationalities. Given the numerical weight of non-Magyars in the Hungarian half of the Dual Monarchy, questions of nationality and democracy were intimately connected: conservative patriots could successfully silence nationalistically-minded Hungarian democrats with the admonition that universal suffrage would imperil Magyar dominance.<sup>15</sup> The Liberal party, its backbone formed by the arch-nationalist gentry, was anti-democratic and supported fanatically repressive measures against the agricultural labour force.

Against this backdrop, classical liberalism faced a challenge not only from the trade unions and the Social Democratic Party but also from within, by radical outriders from the liberal camp. Whereas classical liberals were free-traders, Christians, believers in a strong centralized state and supporters of only a minimal franchise, there were also

middle-class liberals who took a quite different view. They were quite violently anti-aristocratic and they regarded religion as mumbo-jumbo. They advocated divorce, and wholly secular education; sometimes, they supported the emancipation of women; ... they wanted the franchise to be extended. They were, on the whole, contemptuous of the past and confident of a progressive future, for which the lumber of past centuries should unhesitatingly be swept aside.<sup>16</sup>

The members of the 'Great Generation' were the most part situated squarely within this camp. Whereas their fathers were, as likely as not, entrepreneurs or bankers, with moderate liberal politics and displaying loyal patriotism and a relaxed indifference towards religious affairs, the sons and daughters shunned commercial careers and reacted against the materialistic, utilitarian *Gesellschaft* of their day with passionate hatred, convinced that its doubtful benefits had been bought at the price of the loss of *Gemeinschaft*.<sup>17</sup> For inspiration, they looked to philosophy, religion, art and radical politics.

Polanyi's mentor, Jászi, was very much the 'anti-aristocratic' radical in the sense described above. Radicalism's mission, he believed, was to breathe new life into a liberalism that had become discredited through its association with 'Manchesterism' (the advocacy of free trade as a means of entrenching the dominance of the strong, cynically disguised by the vocabulary of liberty). He exhorted radicals to pledge themselves to "industrial capital" in its battle against "agrarian feudalism,"<sup>18</sup> and to rescue "the part of classical liberalism that is still viable today" – by which he meant tolerance, civil liberties, parliamentary democracy, and free trade.<sup>19</sup> His faith in natural science and positivist social science was avid, and it is telling that he held Herbert Spencer in the highest regard, describing him as "the great visionary."<sup>20</sup> Spencer's theories offered Jászi and his co-thinkers confidence that history was on their side, that the crude 'militant' societies of the agrarian past and present, motivated by battles and heroic achievements, would yield to a materially and culturally superior 'industrial' society, one that danced to the more sophisticated tunes of technology, science and commerce.<sup>21</sup> For them, progress necessitated a struggle against the atavism of the Hungarian establishment, not least its old-fashioned view of social phenomena as being explicable in terms of the actions of "individual wills, or worse still, of metaphysical agents."<sup>22</sup> Against this, they understood social processes to be the outcome of objective laws and

---

<sup>14</sup> Dániel Szabó 1989 pp.181-204.

<sup>15</sup> Polanyi 1946 p.96.

<sup>16</sup> Stone 1983, p.43.

<sup>17</sup> Löwy 1992, p.33.

<sup>18</sup> Horváth 1966, p.293.

<sup>19</sup> Litván 2006, p.164.

<sup>20</sup> John Lukacs 1993, p.197.

<sup>21</sup> Janos 1982, p.168.

<sup>22</sup> Gluck 1985, p.88.

believed fervently that social scientists, equipped with a positivist comprehension of those laws, were in a position to apply their knowledge to the improvement of the social and political order and thus to the human soul itself. In particular, the notion that human behaviour was rationally comprehensible and predictable according to natural laws had encouraged Enlightenment reformers in their quest to re-engineer social conditions such that human beings would at last be free to act according to reason. Deterministic positivism, in short, afforded support to the cause of human progress. In *fin-de-siècle* Hungary, it served Jászi and his allies around the journal of the Sociological Society, *Huszadik Század* as a razor-sharp weapon against clericalism, absolutism and Magyar chauvinism. Where Jászi parted company with it was in his emphasis upon the role of ideas as the switching points of social change, and in his idealism. Combining sociological positivism with political engagement, Jászi and his co-thinkers strove to replace the decaying old religious and metaphysical ethics with a “new morality, founded on science and human solidarity.”<sup>23</sup>

In the first decades of the twentieth century Jászi distanced himself from Spencer and became more receptive to socialist ideas. As in Germany, a swathe of the middle class in 1890s Hungary had witnessed a “socialist epidemic,” as Werner Sombart put it at the time, characterized by sympathy for the working class and for interventionist economics.<sup>24</sup> In Germany it was in this atmosphere that Eduard Bernstein introduced his ‘revision’ of Marxist theory. He broke from the mainstream of the German SPD to become a “bourgeois radical” of a Fabian stripe, premised on the view that socialism is not opposed to but a more advanced sibling of liberalism.<sup>25</sup> For him, Marx had erred in insisting that the growing concentration and centralization of capital did not affect the underlying framework of irreducible anarchy. In Bernstein’s view the trend was simultaneously towards increasing organization *and* declining anarchy. Given that conflicts of social interest were ebbing, the method by which to expand working-class influence was not class struggle and certainly not revolutionary upheaval but the broadening of the franchise. Progress, he believed, would increasingly depend upon the application of reason and an ethical sense. Idealism and a sense of justice could flourish throughout all classes as “the common interest gains in power to an increasing extent as opposed to private interest.”<sup>26</sup> Together with Franz Oppenheimer, Eugen Dühring and others, Bernstein inspired the Central European current of “liberal socialism,” of which Jászi became the most prominent Hungarian exponent (particularly after 1911, when he sojourned for several months in Berlin, making the acquaintance of Bernstein, Ferdinand Tönnies, and Friedrich Naumann, as well as Oppenheimer, with whom he was to maintain contact for some three decades).<sup>27</sup> Alongside democratization, liberal socialists were dedicated to ending the exploitative character of capitalism, a task they believed would be achieved with the abolition of the latifundia system and the opening to all of the opportunity to own land.

Karl Polanyi, too, belonged to the liberal socialist current and was politically and personally very close to Jászi throughout the 1900s and 1910s, but he tended to adopt a more radical voice. It would be idle to attempt to give a detailed explanation for this difference in emphasis between the two thinkers, but two factors do stand out. The first is that although both studied at the same faculty of the same university, Polanyi, younger than his mentor by eleven years, entered during a markedly different political climate. In the 1890s, anti-Liberal sentiment amongst peasants had alloyed with anti-democratic and anti-socialist reaction amongst the nobility and petit bourgeoisie to forge a conservative anti-semitic coalition, fronted by the Catholic People’s Party. Although not a successful mass organization in the style of Karl Lueger’s Christian Social movement in Austria, it helped to rally chauvinist sentiment and to refashion anti-semitism from a religious movement directed explicitly at practising, non-assimilated Jews into a socio-political movement that targeted the assimilated too.

The new conservative anti-semitism was nowhere more visible than at the University of

---

<sup>23</sup> Kettler *et al.* 1984, p.20.

<sup>24</sup> Schorske 1983, p.16.

<sup>25</sup> Schumpeter 1986, p.883.

<sup>26</sup> Quoted in Schorske 1983, p.18.

<sup>27</sup> Litván 2006, p.72.

Budapest's Faculty of Law, at which Polanyi studied from 1903. In the previous years, Budapest University students had sent a telegram of approbation to Karl Lueger, and a movement of 'Christian awakening' had attracted a considerable portion of the student body. Then, during Polanyi's student days, the polarization between conservative and left-wing (predominantly Jewish) students reached fever pitch, and he himself experienced a sharp political radicalization. His combative spirit was well captured in a memoir by a fellow student, Paul Ignotus. "When in the heat of a brawl at the University he was challenged to a duel" Polanyi answered: "'I'm always pleased to fight you by intellectual arms.'"<sup>28</sup> In fact, he was prepared to go further than that, and was expelled from university for fighting with members of a conservative student organization.

The second factor has to do with connections that Polanyi's mother maintained with Russian émigré circles, above all her close friend Samuel Klatschko. A Russian socialist and former narodnik, in his early life Klatschko had founded a utopian community in the USA and was later to provide a Viennese base for exiled Russian revolutionaries; visitors to his house included Georgi Plekhanov, Karl Radek, Pavel Axelrod and Leon Trotsky. He exerted a lasting influence on both Karl Polanyi and his older cousin, Ervin Szabó, who went on to become Hungary's pre-eminent Marxist theorist. Both Polanyi and Szabó learned their Marxism in the Klatschko house. From him, Karl developed a fascination with the Russian peasant and student movements and lived with the image of the self-sacrificing movement activist in his mind. Szabó, a revolutionary syndicalist, championed the most far-reaching possible extension of direct self-government and elimination of representation.<sup>29</sup> He was sharply critical of the programme and practice of the Social Democratic Party which was controlled by union bureaucrats and stuck in "timid parliamentarism."<sup>30</sup> The theory that sanctioned such behaviour, he pointed out, was Lassalleian: a deterministic sociology.<sup>31</sup> Summarizing the essence of the Marxist alternative, he liked to invoke a quote from Marx and Engels' *The Holy Family*:

History does nothing: it possesses no immense wealth, it wages no battles. It is man, real living man who does all that, who possesses and fights. History is not, as it were, a person apart, using man as a means to achieve its own aims; history is *nothing but* the activity of man pursuing his aims.<sup>32</sup>

All historical development, Szabó would insist, "has been the result of the actions of critical individuals."<sup>33</sup> Economic factors alone could not explain events such as the First World War, and nor could they be relied upon to drive human society towards higher goals. Rather, the old ideals of humanity – including humanism and freedom – remained as urgent as ever. "Der Geist," he would remind his audiences, "ist wichtig!"<sup>34</sup> To what extent Polanyi learned from his cousin is moot, but his wife, Ilona Duczynska, is on record as describing Szabó as "our spiritual father."<sup>35</sup>

### Galilei Circle and Radical Bourgeois Party

Following completion of his studies, Polanyi sought ways of putting his ideals into practice. In November 1908, apparently inspired by Klatschko,<sup>36</sup> he founded the Galilei Circle, in which he remained very active for two years, thereafter maintaining close relations with it, lecturing frequently and writing for its journal *Szabadgondolat*. He joined the editorial staff of *Szabadgondolat*

---

<sup>28</sup> Ignotus 1961, p.11.

<sup>29</sup> Szabó 1982, p.117.

<sup>30</sup> Tökés 1967, p.10.

<sup>31</sup> Szabó 1982, p.109.

<sup>32</sup> Szabó 1982, p.119.

<sup>33</sup> Litván and Bak 1982, p.8.

<sup>34</sup> Horváth 1966, p.498.

<sup>35</sup> Vezér 2000, p.283.

<sup>36</sup> Gábor 2000, p.298.

in 1913 and became editor-in-chief in 1918.<sup>37</sup> The Galilei Circle's mission was to overcome Hungary's backwardness and encourage national moral regeneration; if it possessed one defining task it was to introduce and disseminate cutting-edge thought to the Budapest intelligentsia. To this end it held lectures and seminars in the social and natural sciences, philosophy and ethics, literature and psychoanalysis, as well as issues of the day such as the causes of cultural backwardness, school reform, or the tax system.<sup>38</sup> It organized adult education classes and published a series of scholarly studies (by Jászi, Bernstein and Pal Szende, among others).<sup>39</sup> Although the Galilei Circle was principally a scholarly enterprise – its motto was 'To learn and to teach' – and it kept a distance from politics, narrowly defined, the aim was to kindle radical flames. (Polanyi was prone to exaggerate its powers in this regard. As he describes in an amusingly self-deprecating recollection of the Galileists' first meeting, at which he lectured on Ernő Mach's theory of knowledge, "I remember it distinctly, expecting some spectacular result, a manifestation of a change in the audience, perhaps exaltation, or [some] form of transfiguration. But nothing happened."<sup>40</sup>)

Alongside his work for the Galilei Circle and *Szabadgondolat*, Polanyi was simultaneously engaged in overtly political activity, producing strategic discussion papers for and participating in the creation of a political party. Various translated as 'National Citizens Radical Party' and 'Radical Bourgeois Party,' for Polanyi the operative term was 'radical.' In the meaning he gives it, radicalism "views the world *from within* and recognizes in human progress its own work," in contrast to Marxism, which "views the world *from without*," and imagines social development to be "a pure automatism, propelled by the machinery of the class struggle."<sup>41</sup> Radicalism was also to be contrasted with traditional liberalism, a current that had forsaken its rebellious past. He was dismayed that Hungarian liberals, in shameful contrast to their forebears in 1848, were pusillanimous in the face of clerical conservatism. Why had liberalism lost its vitality, he wondered; why had it foresworn all revolutionary initiative and become a reactionary movement? The answer he found lay not in material developments – such as the ascendancy of liberalism's chosen economic system, capitalism, or the threat to private property in the means of production posed by the rise of organized labour – but in a "new, mistaken and disastrous idea" that had gripped the social sciences and radical politics alike.<sup>42</sup> The new idea was "political fatalism," the "blind belief in the constant development of society as the solution to all of society's problems" with its concomitant relegation of political action to a mere handservant of that development.<sup>43</sup> Infected with this spirit liberalism had abandoned any serious fight against the rule of the large landowners and the Church, and although Social Democracy had at least taken up the campaign to extend the franchise, for the most part it was in the grip of its own immobilizing fatalistic doctrines.

By what means could radical Hungary be shaken out of its torpor? What was required in order to re-kindle the spirit of 1848? On the intellectual front the task was clear: to combat fatalism. But what of the political front? Here, matters were more complex, and to grasp Polanyi's views and strategic proposals it is first necessary to comprehend his class analysis of contemporary Hungarian politics. In his judgment, the Hungarian state, even though it had presided over rapid industrialization and a burgeoning and confident bourgeoisie, remained dominated by landowning interests and the Church and was therefore fundamentally a feudal institution. The upper bourgeoisie was represented by the powerful Liberal party, and the rapidly expanding manual-industrial working class by the Social Democratic Party, but in the intervening space a "new middle class" had come into being, encompassing white collar workers, private and public officials, and the intelligentsia (including, for example, priests, actors and academics).<sup>44</sup> In this,

<sup>37</sup> Congdon 1976, p.173.

<sup>38</sup> Gábor 2000, p.299.

<sup>39</sup> Congdon 1974.

<sup>40</sup> 212/326 Letter to Misi, 4.3.1961.

<sup>41</sup> Quoted in Congdon 2001, p.37.

<sup>42</sup> 1-12, Karl Polanyi (1913) 'Speech on the meaning of conviction.'

<sup>43</sup> 1-13 Karl Polanyi, 'A lesson learned.'

<sup>44</sup> Polanyi 1918.

Polanyi was latching onto a theory that had been developed in the 1890s by the German Historical Schoolmen Gerhard von Schultze-Gävernitz, Gustav Schmoller and Sombart, and popularized by Bernstein. To my mind, Polanyi's analysis, grouping as it does blue- and white-collar workers together with the upper middle-class practitioners of 'mental labour' as a single stratum, obfuscates matters, and no less confusing is his use of diverse, even contradictory, labels to refer to it, including 'intelligentsia,' 'intellectual class,' 'intellectual workers' and 'bourgeois.' Be that as it may, the inferences he drew were clear: that the two 'classes,' although inextricably united in their destiny were innately different in their nature, the manual worker being "necessarily materialist" and concerned above all with economic matters "while the intellectual worker is necessarily idealist."<sup>45</sup> This difference in character and outlook necessitated their separate organization into bourgeois-radical and social-democratic parties.

In an anticipation of his later turn towards functionalist theory, Polanyi maintained that the essential cause of the crisis of progressive Hungary was that Social Democracy had trespassed on the functions proper to bourgeois radicals, and it had been able to do so in part because the latter were politically homeless, with no party to call their own. For taking up the struggle for parliamentary democracy and for "entrenching radical bourgeois ideas within progressive public opinion" Polanyi was deeply appreciative of the Social Democrat-led struggles of Hungarian labour, but in so doing it had stolen the clothes of bourgeois radicalism.<sup>46</sup> For their part, a good many members of the "extreme left wing of the bourgeoisie" had backed the Social-Democrats' campaign for democracy, but such support had become "empty with the passing of time."<sup>47</sup> In short, neither intelligentsia nor industrial proletariat had shown itself capable of fulfilling its proper vocation; only a coalition of manual and mental labour, organized separately but acting together on the critical question of democratization, could come to the rescue of Hungary (and indeed, Polanyi believed, of human society).

In a series of articles and speeches in the run-up to the First World War Polanyi argued for a loose association between Social Democracy and bourgeois radicalism. It would be based upon a division of labour with regard to constituency – on one hand, the working class, on the other, radical elements of the bourgeoisie and intelligentsia together with minority nationalities and the peasantry – and with regard to long-term ends: "Bourgeois politics and the struggle against feudalism will be carried out by the radicals, while the working class movement and the struggle against capitalism will be represented by the socialists."<sup>48</sup> The area of common ground would consist of the immediate goals towards which the actual activities of both parties would be oriented: the overthrow of feudalism and clericalism and the expansion of the franchise. Taking a position vis-à-vis the middle-class intelligentsia analogous to that of Gramsci towards the working class, Polanyi made a case for its hegemonic role within a broad democratic bloc: "A new world-view has to be created that ensures the leadership of the intellectual forces on the basis of democracy . . . The road for the proletariat leads through the goals of bourgeois radicalism."<sup>49</sup>

This strategy, Polanyi believed, held out terrific promise for a progressive Hungary. The formation of an intellectual middle-class party that was prepared to "besiege the fortress of feudalism out of bourgeois interests and with bourgeois forces" would arouse the latter from their stupour and hoist the bourgeoisie back onto its emancipatory track. It would at last create a platform within Parliament that would provide serious and genuine opposition to the rule of the landowners and the Church, in the process ensuring that the axis of public life would swivel such that "the struggle between forces of progress and reaction" would thenceforth take centre stage.<sup>50</sup> For the labour-movement organizations, too, the creation of a Radical Party could not but be beneficial, for in place of well-meaning intellectual advisors they would gain a strong middle-class ally – to the support of which they should, Polanyi advised, pledge their unconditional

---

<sup>45</sup> 1-25, Karl Polanyi (1918) 'A radikalizmus programja és célja.'

<sup>46</sup> Polanyi, 1914b.

<sup>47</sup> Polanyi 1913.

<sup>48</sup> 1-23, *op. cit.*

<sup>49</sup> Polanyi 1913; 1-25, Karl Polanyi (1918) 'A radikalizmus programja és célja.'

<sup>50</sup> 1-23, *op. cit.*



commitment.<sup>51</sup>

Polanyi's strategic thinking was developed in close conference with Jászi, and when he set up the Radical Bourgeois Party in June 1914, Polanyi was installed as its General Secretary.<sup>52</sup> The core points of the party's programme were the extension of the franchise, land redistribution, free trade, education reform, and federalization. The last of these points, aimed at assuaging the demands for autonomy of the minority nationalities whilst maintaining the borders of Greater Hungary, was seen by conservatives and anti-semites as a cosmopolitan plot to undermine "Magyardom," yet if the radicals' nationalities policy deserves criticism it is, on the contrary, for being insufficiently appreciative of the oppressions inflicted upon the minority nations. Of the two chief arguments that Polanyi deployed in justification of the case for federalism, one was that in its absence the nationalities would be tempted to ally themselves with absolutism against democracy in order to block the formation of a Magyar-dominated state, but the other, although avowedly democratic in inspiration, was brazenly, even arrogantly, nationalistic. "It is only the Magyars in this country," he declaimed,

who have reached the threshold of democratic statehood, and the new, modern Hungary can only be built by their forces. This process will be a veritable manifestation of the cultural hegemony that underpins Magyar political hegemony, that real "leadership" which is based not on force and fraud but on economic welfare and intellectual prowess. Hungary will accomplish this democratic solution in accordance with its essence: so that it applies to Magyars and non-Magyars alike, and, if necessary, against the desires of the nationalities.<sup>53</sup>

The Radical Bourgeois Party did not live up to Polanyi's hopes. Although programmatically committed to an alliance with the peasantry and minority nationalities, in practice it failed to reach beyond its core constituency in the left-liberal intelligentsia. Quite simply, according to Jászi, it "was of too intellectual a type" to gain mass support; indeed, he continued, founding it had been "the biggest blunder of my career," for it had no major influence upon political events; "its only consequence was testiness and jealousy on the part of our socialist 'step-brothers.'"<sup>54</sup> That said, there is no doubt that the inauspicious date of its foundation – June 1914 – did not help.

## Polanyi and Jászi in the First World War

One month after Jászi's new party was founded Austro-Hungary declared war on Serbia and a general conflagration ensued. The Socialist International splintered, with most of its member parties siding with their national rulers in opposition to their brethren elsewhere. Within the socialist movement a range of positions were taken towards the war. Consider, by way of illustration, the stance of six of Polanyi's friends. A few internationalists, notably Georg Lukács and Donald Grant, actively opposed it.<sup>55</sup> Some, such as the British Guild Socialist G. D. H. Cole, opposed it, while eschewing anti-war activity. The others swam with the nationalist tide. The SDAP leader Otto Bauer, for example, called on Austrian workers to follow him to the front, where he relished „die Romantik des Krieges,“ was proud to serve as an officer and earned decorations.<sup>56</sup> On the other side of the barbed wire some of Polanyi's friends from the 1930s, including R. H. Tawney and John Macmurray, also enlisted as officers.<sup>57</sup>

Lukács apart, Polanyi did not meet these individuals until after the war's end; at the time of its outbreak his closest political ally was Jászi. Although too old to fight, and despite his distaste

---

<sup>51</sup> Polanyi 1913.

<sup>52</sup> 30-1, *op. cit.* See also Múcsi 1990, p.29; Congdon 1976 p.175.

<sup>53</sup> Polanyi 1914. For Jászi's similar view, see Horváth 1966, p.449.

<sup>54</sup> Jászi 1924, p.75, and quoted in Litván 2006, p.95.

<sup>55</sup> As a conscientious objector, Grant spent several years in Wormwood Scrubs prison. Kari Polanyi-Levitt, telephone conversation with the author, 06.10.2007.

<sup>56</sup> Bauer 1980, pp.1033-7; Braunthal 1961, p.24.

<sup>57</sup> Kirkpatrick 2005.

for chauvinism, Jászi saw himself as a patriot, expressing his support for the Habsburg war effort and his “enthusiasm for a post-war world dominated by Germany.”<sup>58</sup> One reason for the strength of his support for the Central powers lay in his (rapidly disproven) belief that the war would liquidate small nations and create larger economic and political entities; that this would contribute to social progress; and that Germany would be its executor. As noted earlier, Jászi was on good terms with Friedrich Naumann and especially Eduard Bernstein. The latter, a liberal imperialist, was swept up in “patriotic russophobia” in 1914. Being “obsessed by the ‘Russian peril’” he maintained “that Germany should counteract it by means of an anti-Russian Near Eastern free-trade imperialism.”<sup>59</sup> The former, a liberal imperialist, nationalist and monarchist, gained fame for his advocacy of ‘Mitteleuropa’ – a Central European customs union – an idea that won popular support in the Austro-Hungarian empire in spite of criticisms that it concealed a German bid for hegemony. What Jászi valued in Naumann’s *Mitteleuropa* plan was that it held out the prospect of German power coming to the assistance of Hungary’s economy. While Germany would thereby gain hegemony over Central Europe, Hungary would gain hegemony over the Balkans, and the resulting confederation would simultaneously provide a buffer against Russia and point the way towards a federal Europe.<sup>60</sup> After war’s end, Jászi attempted to distance himself from Naumann. “My active work as a publicist in the interest of the conception of ‘Mitteleuropa’ during the first period of the war,” he commented, did not involve any genuine sympathy with the imperialistic and Pan-German dreams of which Friedrich Naumann had made himself the mouthpiece, but had looked rather to a peaceful confederation of the Danubian states, united by close economic ties to Germany in a customs union that would be a waystation

on the road to the United States of Europe. I was convinced that a democratic Central Europe must rapidly develop complete freedom of trade with Western Europe, so that there would no longer be any obstacle in the way of the economic forces making for a larger union.<sup>61</sup>

Nevertheless, despite his reservations concerning jingoism and for all his post-war protestations, there is no denying that in the first years of the war Jászi was decidedly pro-German and expected and hoped for victory for the Central Powers. “Despite ‘Prussian militarism,’” as he put it in 1916, Germany’s side “better represents human progress than does the Entente.”<sup>62</sup>

With regard to Polanyi’s own views on these matters there is a comparative shortage of materials. We know that he signed up as a cavalry officer in the Imperial Army and was called to the front in 1915. In Kari Polanyi-Levitt’s judgement, he was “probably not enthusiastic about the cause” of the war yet he was “a Hungarian patriot who considered it his civic duty” to fight for the Habsburg Empire.<sup>63</sup> Given his closeness to Jászi, his attitude to the German-Habsburg war effort is likely to have been positive, and there is no doubt that on issues of war and internationalism in general he was not on the far left: he did not regard states as instruments of domination but as the legitimate political expressions of national communities, and throughout his life he deemed “true patriotism” to be “not only a natural emotion but also a praiseworthy one.”<sup>64</sup> Although he considered himself an internationalist, this, he insisted, “should not be confused with disloyalty to one’s country.”<sup>65</sup> In addition, like so many who willingly went to war, he desired escape from oppressive personal circumstances:

He was intensely unhappy at the time. He was working in his uncle’s chambers but didn’t wish to become a lawyer. He felt obliged to be supporting his mother and younger family members,

---

<sup>58</sup> Dreisziger 2003.

<sup>59</sup> Fletcher 1987, p.50.

<sup>60</sup> Fischer 1978, pp.51-2.

<sup>61</sup> Jászi 1924, p.2.

<sup>62</sup> Litván 2006, p.104.

<sup>63</sup> Kari Polanyi-Levitt. Telephone conversations with the author, 06.10.2007, 13.12.2008.

<sup>64</sup> 18-35 (n.d.).

<sup>65</sup> 18-35 (n.d.).

while his older brother had gone to Japan to escape the situation. He was in a state of depression and probably felt great relief to get out of Budapest and go to the front.<sup>66</sup>

As it turned out, fighting Russians on the Galician steppes proved to be neither the best form of escape nor the best antidote to depression. *Au contraire*. His letters from the front reveal something of the misery of war. "Vollster Kriegsmüdigkeit," is the complaint in one, while another describes: "Die verfluchtete Schiesserei dauert heute schon den ganzen Tag. Dabei regnet's in Strömen. Der Sumpf kriecht näher. Dichtes Nebel fließt umher."<sup>67</sup> Such was his despondency that when his horse stumbled and fell he was too apathetic to get out of the saddle even though, had the creature rolled over, he would have surely been crushed.<sup>68</sup> Injured, and sick with typhus, he was invalided out of the army in 1917 and was still confined to hospital in Budapest when the war came to its end.

### **Aster Revolution and *Tanácsköztársaság***

The moment for which Polanyi, Jászi and the rest of radical Hungary had been waiting arrived in autumn 1918 with the 'White Aster Revolution.' The genesis of that upheaval can be traced to December 1917, when workers' councils were established in factories and a network of them swiftly spread.<sup>69</sup> The first half of 1918 witnessed a general strike, scores of wildcat strikes, and revolts in the barracks.<sup>70</sup> Amid worsening social conditions and with defeat in war looming the political mood, as elsewhere in Central and Eastern Europe, swung sharply towards republicanism, social democracy and communism. In the early autumn, the Social Democrats joined forces with the Radical Bourgeois Party and Count Michael Károlyi to form the 'Hungarian National Council' (HNC). In October, Károlyi, whose aim was a peaceful and orderly transition to liberal democracy, warned the Parliament in Budapest and the Emperor in Vienna that Hungary faced the choice between an HNC-led government and Bolshevism. When neither legislators nor monarch responded to this threat, the Social Democrats – by far the strongest component of the HNC – sought to entrench their bargaining position by appealing to the workers and soldiers to act. The response exceeded their expectations. Indeed, the uprising initially dismayed Jászi and his colleagues, for they expected reactionary officers to successfully mobilize troops to quell it.<sup>71</sup> But the officers failed to do so. Instead, the crowds remained in the streets. The soldiers, en masse, backed the uprising, and sported its symbol, the white aster, in their buttonholes. On October 30, Michael Károlyi recalls,

news reached [us] that the garrison headquarters had been seized under the command of officers of the Soldiers' Council! We were completely taken aback. We did not yet want to seize power; we wanted first to organize our forces. But by the evening the revolution was well under way. One after another the garrison posts, the barracks, the telephone exchanges, and the General Post Office were occupied, without the slightest resistance. The population itself made the revolution; the people seized the power and placed it in the hands of the National Council.<sup>72</sup>

In its initial phase, the Aster Revolution was characterized by the sense of unity that typifies the first stages of revolutions in which the working and middling layers of society band together against an autocratic regime. Jászi's memoirs record his elation at the unity between classes and between nationalities that arose during those spirited days, and I have little doubt that Polanyi felt

---

<sup>66</sup> Kari Polanyi-Levitt. Telephone conversation with the author, 06.10.2007.

<sup>67</sup> 212/324 Letters to Mama 19.11.1915 and n.d.

<sup>68</sup> 36-8, 1955.

<sup>69</sup> Tökés 1967, p.39.

<sup>70</sup> Deák 1971, p.28.

<sup>71</sup> Jászi 1924, p.32.

<sup>72</sup> Michael Károlyi 1924 p.443.

the same.<sup>73</sup> But if the HNC government experienced a honeymoon period it was not to last for more than a few weeks. The new administration's first step was to autonomously sign an armistice with the Allies, breaking from Vienna in the process but it immediately found itself in troubled waters. Although committed to gradual reforms within a liberal framework, it had been hoisted to power by mass movements, with strong bases of support within the army, that were pressing for swift and wholesale changes that went beyond the limits of parliamentary-democratic capitalism. In Budapest a potential rival power had arisen in the form of the soldiers' and workers' councils. In the countryside, peasants agitated for land redistribution. On the perimeter, national minorities were moving to secede.

The initial euphoria notwithstanding, the social and national unity for which Polanyi yearned was hardly to be realized under Károlyi's provisional government. Instead, social polarization ensued. On one side, the old ruling classes mobilized against the incoming government. Feeling threatened by the prospect of land reform and the extension of the suffrage, the ruling classes, Catherine Károlyi has described, "grew panicky [and] began to conspire with Colonel Vix, the military head of the French Occupation Forces." In Paris, the Army Command was nursing plans to attack Soviet Russia, and Hungary was considered the most suitable base for operations. Its goal of overthrowing the Károlyi government coincided with the anxieties of the Hungarian landed classes.<sup>74</sup> On the other side, movements of workers and peasants, their political confidence raised thanks to the central part they played in the Aster Revolution, pressed for further demands: land redistribution, improvements to pay and conditions, and socialist economic policies. According to Károlyi, his government did its level best to dampen the demands of the 'popular classes' while displaying the utmost magnanimity to the bishops, counts, princes and bank directors. ("We were," he reflected with the benefit of hindsight, "bitterly to regret this generous attitude."<sup>75</sup>)

Despite the widespread goodwill that Károlyi's government had earned by signing the armistice and extending the franchise, few constituencies felt that their demands were being met. "Vested interests, doctrinaire prejudice and urban indifference"<sup>76</sup> – by which Polanyi referred to the landowners, the Church and Social Democracy – ensured that the government procrastinated over its promise of land reform. It redistributed a mere handful of large estates, as compared to scores that were occupied 'from below.' Citing "the general lack of energy of the government and its indifference to the progress of the revolution," Jászi resigned his cabinet position in January.<sup>77</sup> In February, liberal values were thrown overboard when, following an unsuccessful attempt to expel Communists from the trade unions and workers' councils, the cabinet authorized the rounding up and imprisonment of leaders and cadre of the fledgling Communist Party and banned its newspaper. Its leader, Bela Kun, was beaten up in prison in the presence of a newspaper journalist, whose report caused "a wave of sympathy for the bolsheviks [to sweep] over the capital" – a sentiment that embraced many former Galileists, including an increasingly disenchanted Karl Polanyi.<sup>78</sup> The incarceration of the Communists, he observed, was causing people who were otherwise unsympathetic to communism to think that there might be a degree of truth in their views.<sup>79</sup> Jászi concurred. Given the unpopularity of the government, he commented, the February arrests, "only aroused resentment. The extreme brutality of the police, who beat Bela Kun until he was half dead, and Kun's manly behaviour in the face of his persecutors, immediately attracted sympathy to the side of the Communists."<sup>80</sup> Moreover, he opined, among those in the Communist camp were many "of true worth, self-sacrificing idealism and intelligence."<sup>81</sup>

Until February 1919, Polanyi had regarded the HNC regime as his own. However, he

---

<sup>73</sup> Jászi 1924 p.34.

<sup>74</sup> Catherine Károlyi 1966 p.196.

<sup>75</sup> Michael Károlyi 1956, p.127.

<sup>76</sup> Polanyi 1946.

<sup>77</sup> Jászi 1924.

<sup>78</sup> 29-12, *op. cit.* See also Congdon 1991, p.33.

<sup>79</sup> Polanyi 1919.

<sup>80</sup> Jászi 1924, p.87.

<sup>81</sup> Jászi 1924, p.25.

bemoaned its lack of a “clear and feasible political programme” (a fault for which, as we noted above, he blamed himself, for neglecting to shape the Galilei Circle into a hot-house to cultivate a revolutionary intelligentsia skilled in political campaigning and administration).<sup>82</sup> Of the Károlyi government he demanded “more determination ... against every breath of the counter-revolution,” the acceleration “of the economic construction of socialism,” a retreat from its protectionist economic policies, and an end to its “chauvinist attitude in the nationalities question.”<sup>83</sup> Although he backed the HNC in its rivalry with the Communists, in December he – in possibly the first such initiative in Central and Eastern Europe – initiated a debate on Bolshevism in his journal *Szabadgondolat* and, at his request, the first to air their views, alongside Jászi, were Georg Lukács, who was at the time moving rapidly into the Communist camp, and the Communist Eugene Varga.

During January and February hardly a day passed without one or more public demonstrations on the streets of Budapest. In March, “it became increasingly evident that the ‘objective’ revolutionary conditions were working in favour of the communists.” More and more factories were occupied by workers; peasants seized estates and looted granaries; and city officials were forced to resign and hand power to the workers’ councils.<sup>84</sup> The hold of Bolshevism was greatly strengthened, moreover, “by the growth throughout the country of counter-revolutionary movements,” a development for which Jászi held the Károlyi government responsible, for it had permitted the chief conspirators among the Whites “to continue their work undisturbed.” Also in March, the Károlyi government found itself under attack from external forces – Czech-Slovak, Serb and Romanian armies – and was ordered by the French government to withdraw its forces to the borders drawn up by the victorious powers at Versailles. The Károlyi government could not have realistically acceded to French demands without first crushing domestic opposition. As Bernstein observed, it faced the choice between instigating a bloodbath against the “*tobendem Aufruhr*” of the left-turning masses or relinquishing power.<sup>85</sup>

With his authority crumbling, Károlyi resigned and handed the reins of power to the Social Democrats. Yet they too were in disarray. Support for communism was surging. According to Bernstein, “nicht nur die Massen des Proletariats, auch erhebliche Teile des Bürgertums, darunter namentlich der bürgerlichen Intelligenz, hatten ihre Sympathien für einen Augenblick den Kommunisten zugewandt” (even though many of them were later to deny it).<sup>86</sup> Entire sections of the Social Democratic Party went over, and of those that remained an important part sought rapprochement with – or, more accurately, co-optation of – the CP. In this manoeuvre, international considerations played a critical role, given the belief in the SDP’s leading ranks that before long the Russian Red Army would break through Romanian lines and reach Hungary’s eastern borders. By agreeing to the fusion the Communists entered government. As Polanyi was later to summarize these developments, “Hungary had a Bolshevik episode literally forced upon the country when defense against French invasion left no alternative to the nation.”<sup>87</sup>

Initially at least, the Councils Republic was not lacking in popularity – and even its implacable critic, Jászi, was prepared to concede that a great many urban and rural workers as well as “the majority of Hungarian intellectuals” supported the Commune.<sup>88</sup> For, as historian Andrew Janos has described, it

succeeded in mobilizing a war-weary nation for the defense of its territory in the face of incredible adversity. Moreover, it was doing so while effectively socializing the means of production, and instituting a number of cultural and welfare measures within its limited means.<sup>89</sup>

---

<sup>82</sup> Polanyi 1929.

<sup>83</sup> Litván 1990, p.33.

<sup>84</sup> Tökés 1967, p.129.

<sup>85</sup> Bernstein 1923, p.x.

<sup>86</sup> Bernstein 1923, p.xi.

<sup>87</sup> Polanyi 1957 p.187.

<sup>88</sup> Jászi 1924 pp.116, 151.

<sup>89</sup> Janos 1982, p.197.

A portion of its popularity, in addition, related to the Entente's intention of reducing Hungary's territory, with nationalists of all political colours praying that the new regime would imbibe something of Soviet Russia's spirit in rejecting the impositions of the Great Powers.

The conditions that Kun's 'Republic of Councils' faced, including economic collapse, food shortages and ongoing military attacks, however, were as inclement as those endured by the Bolshevik-led government in Russia. The communists within it were not only far less experienced than their Russian mentors, but they had come to power not by securing a majority in the workers' and soldiers' councils but by bureaucratic sleight of hand, in the form of fusion with an established governing party. Polanyi viewed the handover, as one might expect, with ambivalence. Although far from uncritical of the new government, or indeed of the left Social Democrats for having abandoned Károlyi in favour of an alliance with Bolsheviks, he recognized that no alternative regime could have been installed, and accepted a position in the People's Commissariat of Social Production, a post that he held for three months.<sup>90</sup>

Despite having ducked any formal appeal for popular approbation, Kun's government sought to institute more ambitious policies even than its Russian ally. Some of these were inventive and pioneering, notably in the fields of welfare, culture and education. The right to work was introduced, as was the liberalization of divorce, in the interests of women's equality.<sup>91</sup> The public baths were opened to working class children, and seminars on the arts were held for workers. Higher education was reorganized "on the model of the American university system" while for children, as Lukács reported with pride, the school day, under the auspices of his commissariat, would begin with breakfast, not prayers.<sup>92</sup> He also supervised the socialization of artworks: many were removed from private vaults and put on display at an 'Art for the Masses' exhibition, with free admission granted to trade-union members. In justification of the confiscations, Lukács advanced the radical case that a painting "belongs not to its legal owner but to those who enjoy and appreciate it,"<sup>93</sup> but it was a venture that received support even from conservatives. The composer Antonín Dvořák, for example, applauded the exhibition; apparently he was delighted to see the pictures removed from the collectors and hung in public galleries.<sup>94</sup> It was in large measure with these measures in the fields of education, culture and art in mind that Jászi felt obliged to concede that there was "unquestionably a certain greatness ... in the seriousness and the enthusiasm with which the proletarian dictatorship took in hand the things of the spirit."<sup>95</sup>

In other sectors of society, however, a series of policy decisions were taken that were either disastrously overambitious or simply disastrous. Within weeks of assuming power, and with little thought to the consequences, Kun's government nationalized over twenty thousand businesses – a move that drew a sharp rebuke from Polanyi.<sup>96</sup> It expropriated the estates of the Hungarian aristocracy, but implemented this by bureaucratic means and as the first stage in a programme of forced collectivization rather than land redistribution. The demands for autonomy or secession voiced by the national minorities, were not conceded.

As a result of these policy failures, opposition to the Councils' Republic grew. However, as official representatives of the ensuing counterrevolutionary regime bitterly conceded on numerous occasions, the Republic "would have persisted for a very long time" had it not been for foreign intervention.<sup>97</sup> This arrived, even before the Republic could celebrate its first month, in the form of a Western-backed invasion by Romanian, Slovak and Czech forces. These pushed Hungary's 'Red Army' pushed back almost to Budapest but there it was reorganized, and received an infusion of energy from the working-class neighbourhoods. The trade unions and shop stewards "recruited,

---

<sup>90</sup> Congdon 1991; p.218. See also Polanyi 1925.

<sup>91</sup> Eckelt 1971.

<sup>92</sup> Kadarkay 1991, p.220.

<sup>93</sup> Kadarkay 1991, p.221.

<sup>94</sup> Lukács 1983, p.60.

<sup>95</sup> Jászi 1924, p.144.

<sup>96</sup> 2-9, 'Politisch-historische Perspektive.'

<sup>97</sup> Janos 1982, p.197.

clothed, and equipped an army of 50,000 men," according to one account.<sup>98</sup> In a remarkable turnaround this insurgent force not only stopped the Rumanian advance but reoccupied every major city on the Hungarian plains and pushed deep into Slovakia, where a 'soviet republic' was proclaimed in mid-June.<sup>99</sup> This was, however, the last hurrah of the Councils' Republic. Under pressure from Paris to comply with the terms of Versailles, and with its support amongst the peasantry evaporating, the Red Army began its retreat and Kun's government resigned. "The desperate but not inglorious episode of the Commune," as Polanyi referred to it, was over.<sup>100</sup> The Romanians and their successor, the dictatorship under Miklós Horthy, instituted a reign of terror in which thousands lost their lives – above all communists, socialists and Jews. Fortunately for the Jewish socialists Karl Polanyi and Oszkar Jászi they had already reached the safe haven of Vienna.

## Bibliography

- Bauer Otto, 1980. *Werkausgabe*, Band IX. (Vienna: Europa Verlag).
- Bernstein Eduard, 1923. 'Geleitwort,' in Oskar Jászi, *Magyariens Schuld, Ungarns Sühne: Revolution und Gegenrevolution in Ungarn*. (München: Verlag für Kulturpolitik).
- Braunthal Julius, 1961. 'Otto Bauer, Ein Lebensbild', in Otto Bauer, *Eine Auswahl aus seinem Lebenswerk*. (Wien: Verlag der Wiener Volksbuchhandlung).
- Congdon Lee, 1974. "The Moralizer as Social Thinker: Oszkár Jászi in Hungary, 1900-1919," in Walter Laqueur and George Mosse, eds., *Historians in Politics*. (London, Sage).
- Congdon Lee, 1976. 'Karl Polanyi in Hungary, 1900-19,' *Journal of Contemporary History* 11.
- Congdon Lee, 1991. *Exile and Social Thought: Hungarian Intellectuals in Germany and Austria, 1919-1933* (Princeton, Princeton University).
- Congdon Lee, 2001. *Seeing Red: Hungarian Intellectuals in Exile and the Challenge of Communism* (DeKalb, Northern Illinois University Press).
- Deák István, 1971. "The Decline and Fall of Habsburg Hungary, 1914-1918," in Iván Völgyes, ed., *Hungary in Revolution, 1918-19* (Lincoln, University of Nebraska Press).
- Dreisziger Nándor, (2003) 'Oscar Jaszi and Peaceful Co-existence Among Nationalities and Nations,' Paper presented at the Ninth International Karl Polanyi Conference, Concordia University, November.
- Eckelt Frank, 1971. 'The Internal Policies of the Hungarian Soviet Republic,' in Iván Völgyes, ed., *Hungary in Revolution, 1918-19*. (Lincoln: University of Nebraska Press).
- Fischer Holger, 1978. *Oszkár Jászi und Mihály Károlyi: Ein Beitrag zur Nationalitätenpolitik der bürgerlich-demokratischen Opposition in Ungarn von 1900 bis 1918 und ihre Verwirklichung in der bürgerlich-demokratischen Regierung von 1918 bis 1919*. (München: Rudolf Trofenik).
- Fletcher Roger, 1987. 'The Life and Work of Eduard Bernstein,' in Roger Fletcher, ed., *Bernstein to Brandt: A Short History of German Social Democracy*. (London: Edward Arnold).
- Gábor Évá 2000. 'The Early Formation of Karl Polanyi's Ideas,' in *Karl Polanyi in Vienna: The Contemporary Significance of the Great Transformation* (Montréal: Black Rose).
- Gantner Eszter, 2006. '„Ich gründe ein Lyceum für Frauen und suche Helfer und neue Möglichkeiten“ – Das Leben und die Tätigkeit von Cecilia Polányi,' in Andrea Lauritsch, ed., *Zions Töchter*, (Münster: LIT).
- Gluck Mary, 1985. *Georg Lukács and his Generation, 1900-1918*. (Cambridge, Harvard University Press).
- Horváth Zoltán, 1966. *Die Jahrhundertwende in Ungarn: Geschichte der zweiten Reformgeneration, 1896-1914*. (Corvina Verlag).
- Ignotus Paul, 1961. 'The Hungary of Michael Polanyi,' in Paul Ignotus et al, eds., *The Logic of Personal Knowledge*. (London: Routledge).

<sup>98</sup> Tökés 1967, p.163.

<sup>99</sup> 29-12, *op. cit.*.

<sup>100</sup> Polanyi 1946.

- Janos Andrew, 1982. *The Politics of Backwardness in Hungary, 1825-1945* (Princeton, Princeton University Press).
- Jászi Oscar, 1924. *Revolution and Counter-Revolution in Hungary* (London, P. S. King & Son).
- Kadarkay Arpad, 1991. *Georg Lukács: Life, Thought and Politics* (Oxford, Blackwell).
- Károlyi Catherine, 1966. *A Life Together: The Memoirs of Catherine Károlyi* (London, George Allen & Unwin).
- Károlyi Michael, 1924. *Fighting the World: The Struggle for Peace* (London, Kegan Paul).
- Károlyi Michael, 1956. *Memoirs of Michael Károlyi: Faith Without Illusion* (London, Jonathan Cape).
- Kettler David et al., 1984. *Karl Mannheim* (Chichester and London, Ellis Horwood and Tavistock Publications).
- Kirkpatrick Frank, 2005. *John Macmurray: Community Beyond Political Philosophy*, (Lanham: Rowman & Littlefield).
- Litván György, 1990. "Karl Polanyi in Hungarian Politics," in Kari Polanyi-Levitt, ed., *The Life and Work of Karl Polanyi*. (Montréal: Black Rose Books).
- Litván György, 2006. *A Twentieth-Century Prophet: Oscar Jászi, 1875-1957* (Budapest, Central European University Press).
- Litván György and Bak János, 1982. "Editors' Introduction," in György Litván and János Bak, eds., *Socialism and Social Science: Selected Writings of Ervin Szabó*. (London, Routledge).
- Löwy Michael 1992. *Redemption and Utopia: Jewish Libertarian Thought in Central Europe*. (London: The Athlone Press).
- Lukács Georg, 1983. *Record of a Life: An Autobiographical Sketch* (London, Verso).
- Lukács Georg, 1986. *Selected Correspondence* (Columbia University Press).
- Lukacs John, 1993. *Budapest 1900: A Historical Portrait of a City and its Culture* (London, Weidenfeld).
- Múcsi Ferenc, 1990. "The Start of Karl Polanyi's Career," in Kari Polanyi-Levitt, ed., *The Life and Work of Karl Polanyi* (Montréal: Black Rose Books).
- Polanyi Karl, 1913. "Radikális polgári politika [Radical bourgeois politics]," *Szabadgondolat*, Vol. 3, No. 11
- Polanyi Karl, 1914. "A magyar hegemonia és a nemzetiségek," [Hungarian hegemony and the nationalities], *Szabadgondolat*, vol. 4, no. 3.
- Polanyi Karl, 1914b. 'Polgári radikáli sok, szocialisták és történelmi ellenzék,' [Radical bourgeois, socialists and historic opposition], *Szabadgondolat*, Vol. 4, No. 3.
- Polanyi Karl, 1918. "A szocializmus próbája [The test of socialism]," *Szabadgondolat*, December.
- Polanyi Karl, 1918. "Radikális párt és Polgári párt [Radical party and Bourgeois party]," *Szabadgondolat*, November.
- Polanyi Karl, 1919. "Polgárháború" [Civil war], *Szabadgondolat*, vol. 9, no. 6.
- Polanyi Karl, 1925. "Die neue Internationale," *Österreichische Volkswirt*, 12 September.
- Polanyi Karl, 1929. "An Assessment of the Galilei Circle," [A Galilei Kör mérlege], *Korunk*.
- Polanyi Karl, 1946. "Count Michael Károlyi," *The Slavonic and East European Review*, Vol. 24, No. 63.
- Polanyi Karl, 1957. *The Great Transformation: The Political and Economic Origins of Our Time*, (Boston: Beacon Press).
- Schorske Carl, 1983 [1955]. *German Social Democracy, 1905-1917: The Development of the Great Schism*, (Cambridge: Harvard University Press).
- Schumpeter Joseph, 1986. *History of Economic Analysis* (London, Allen & Unwin).
- Stone Norman, 1983. *Europe Transformed, 1878-1919* (Fontana Paperbacks).
- Szabó Dániel, 1989. "Wahlsystem und Gesellschaftsstruktur in den letzten beiden Jahrzehnten des Dualismus. 1896-1910," *Acta Historica* 35.
- Szabó Ervin, 1982. *Socialism and Social Science*, edited by György Litván and János Bak (London, Routledge).
- Tökés Rudolf, 1967. *Béla Kun and the Hungarian Soviet Republic: The Origins and Role of the Communist Party of Hungary in the Revolutions of 1918-1919* (New York, Praeger).
- Vezér Erzsébet, 2000. "An Anniversary Tribute," in *Karl Polanyi in Vienna: The Contemporary Significance of the Great Transformation* (Montréal, Black Rose).